

1. Company details

Name of entity:	Appen Limited
ABN:	60 138 878 298
Reporting period:	For the half-year ended 30 June 2016
Previous period:	For the half-year ended 30 June 2015

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	49.1% to	53,441
Profit from ordinary activities after tax attributable to the owners of Appen Limited	up	102.0% to	5,409
Profit for the half-year attributable to the owners of Appen Limited	up	102.0% to	5,409

Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 31 December 2016	2.00	2.00

On 26 August 2016, the Company declared an interim dividend, fully franked. The record date for determining entitlements to the dividend is 2 September 2016.

Comments

The profit for the Group after providing for income tax amounted to \$5,409,000 (30 June 2015: \$2,678,000).

Refer to the 'Review of Operations' section in the Directors' report attached for further explanation of the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>21.08</u>	<u>12.82</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 31 December 2016	2.00	2.00

On 26 August 2016, the Company declared an interim dividend, fully franked. The record date for determining entitlements to the dividend is 2 September 2016.

Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 31 December 2015	1.20	1.20

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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

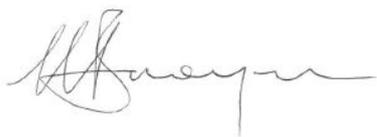
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Appen Limited for the half-year ended 30 June 2016 is attached.

12. Signed



Signed _____

Date: 26 August 2016

Mark Brayan
Managing Director
Sydney

Appen Limited

ABN 60 138 878 298

Interim Report - 30 June 2016

Corporate directory	2
Directors' report	3
Auditor's independence declaration	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	16
Independent auditor's review report to the members of Appen Limited	17

Directors	Christopher Charles Vonwiller - Chairman Mark Ronald Brayan – Managing Director and Chief Executive Officer Stephen John Hasker Robin Jane Low William Robert Pulver Jeremy Andrew Samuel Deena Robyn Shiff
Company secretary	Leanne Ralph
Registered office	Level 6 9 Help Street Chatswood NSW 2067 Tel: 02 9468 6300
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Telephone: 1300 554 474 Facsimile: 02 9287 0303
Auditor	KPMG Level 38, Tower 3 300 Barangaroo Avenue Sydney NSW 2000
Solicitors	Norton Rose Fulbright Australia Level 18, Grosvenor Place 225 George Street Sydney NSW 2000
Stock exchange listing	Appen Limited shares are listed on the Australian Securities Exchange (ASX code: APX)
Website	www.appen.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Appen') consisting of Appen 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 2016.

Directors

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

Christopher Charles Vonwiller - Chairman
Mark Ronald Brayan
Stephen John Hasker
Robin Jane Low
William Robert Pulver
Jeremy Andrew Samuel
Deena Robyn Shiff

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the provision of data solutions and services for global technology companies and government agencies.

Appen operates through two operating divisions being:

- Content Relevance which provides annotated data used in search technology (embedded in web, e-commerce and social engagement) for improving relevance and accuracy of search results; and
- Language Resources which provides data used in speech recognisers, machine translation, speech synthesisers and other machine-learning technologies resulting in more engaging and fluent devices including internet-connected devices, in-car automotive systems and speech-enabled consumer electronics.

Supporting both divisions is a global on-demand workforce providing customers with very flexible in-country linguistic and cultural expertise in support of large global initiatives covering 130 countries and 180 languages.

Dividends

Dividends paid during the financial half-year were as follows:

	Group	
	30 Jun 2016	30 Jun 2015
	\$'000	\$'000
Dividends paid out of the profits reserve for the year ended 31 December 2015 of 3.0 cents per ordinary share	<u>2,909</u>	<u>-</u>

Dividend declared

On 26 August 2016, the Company declared an interim dividend for the half year ended 30 June 2016 of 2.0 cents per share, fully franked. The dividend is to be paid out of the profits reserve. The record date for determining entitlements to the dividend is 2 September 2016. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2016 and will be recognised in subsequent financial reports.

Review of operations

The profit for the Group after providing for income tax amounted to \$5,409,000 (30 June 2015: \$2,678,000).

Financial performance

	30 Jun 2016 \$'000	30 Jun 2015 \$'000	Percentage change %	Percentage change constant currency %
Language Resources	18,434	13,064	41%	34%
Content Relevance	34,975	22,740	54%	45%
Other	32	34		
Total revenue from principal activities	53,441	35,838	49%	41%
Net profit after tax (NPAT)	5,409	2,678	102%	63%
Add tax	2,818	1,481	90%	
Add net interest expense/(income)	4	(5)	(180%)	
EBIT*	8,231	4,154	98%	71%
Depreciation and amortisation	617	689	(10%)	
Statutory EBITDA**	8,848	4,843	83%	59%
<i>Add non-recurring items</i>				
Initial public listing costs	-	214		
Adjusted EBITDA	8,848	5,057	75%	52%
% Statutory EBITDA / Sales	16.6%	13.5%		
% Adjusted EBITDA / Sales	16.6%	14.1%		
% Segment Profit / Sales				
Language Resources	40.4%	37.1%		
Content Relevance	17.3%	16.4%		

* EBIT is defined as earnings before tax and interest

** EBITDA is EBIT before depreciation and amortisation

Total revenue for the period ended 30 June 2016 was \$53,441,000 compared to prior period revenue of \$35,838,000. The drivers behind this change in revenue were:

- The Language Resources division recorded a 41% increase in revenue over the prior year, driven mainly by increased demand for transcription and data collection services. After adjusting for foreign exchange movements, the growth was 34%, which was significant given the high level of prior year growth; and
- The Content Relevance division delivered a 54% increase in revenue over the prior year. This was largely driven by increased demand for data enhancement services from the social media vertical. After adjusting for foreign exchange movements, the annual growth was 45%.

The Company reported adjusted EBITDA of \$8,848,000 for the half year period to 30 June 2016, representing an 83% increase over the prior corresponding period. The Language Resources division increased return on sales from 37% to 40%, due to a favourable project mix towards higher margin transcription and data collection projects. The Content Relevance division return on sales increased to 17% from 16%, due to operational efficiencies offsetting the increasing impact of volume-base price discounts.

Adjusted EBITDA for the first half period rose 75% from \$5,057,000 to \$8,848,000. This resulted from the strong revenue increase in both sectors and the subsequent delivery of services at scale, via a streamlined operating model delivering cost efficiency and economies. This is evidenced by overall expenses for the first half period comprising 83% of revenue as compared to 87% for the prior corresponding period. After adjusting for foreign exchange movements, the annual adjusted EBITDA growth was 52%.

Significant changes in the state of affairs

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

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) 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 the Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

A handwritten signature in black ink that reads "Chris Vonwiller".

Christopher Vonwiller
Director

26 August 2016
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Appen Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Tony Nimac
Partner

Sydney
26 August 2016

Appen Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2016



		Group	
	Note	30 Jun 2016	30 Jun 2015
		\$'000	\$'000
Revenue	3	53,441	35,838
Expenses			
Services purchased - data collection		(28,443)	(18,098)
Employee benefits expense		(12,303)	(10,069)
Depreciation and amortisation expense		(617)	(689)
Impairment of assets		(107)	(37)
Travel expense		(564)	(448)
Professional fees		(911)	(378)
Rental expense		(249)	(246)
Communication expense		(167)	(141)
Other expenses		(1,459)	(1,281)
Finance costs and foreign exchange	3	(394)	(292)
Profit before income tax expense		8,227	4,159
Income tax expense		(2,818)	(1,481)
Profit after income tax expense for the half-year attributable to the owners of Appen Limited		5,409	2,678
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(419)	704
Other comprehensive income for the half-year, net of tax		(419)	704
Total comprehensive income for the half-year attributable to the owners of Appen Limited		<u>4,990</u>	<u>3,382</u>
		Cents	Cents
Basic earnings per share	9	5.59	2.81
Diluted earnings per share	9	5.46	2.78

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

	Note	Group 30 Jun 2016 \$'000	31 Dec 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents		13,069	12,725
Trade and other receivables	4	18,508	17,278
Derivative financial instruments		45	-
Prepayments		301	285
Total current assets		<u>31,923</u>	<u>30,288</u>
Non-current assets			
Property, plant and equipment		392	379
Intangibles		10,840	11,342
Other		12	8
Total non-current assets		<u>11,244</u>	<u>11,729</u>
Total assets		<u>43,167</u>	<u>42,017</u>
Liabilities			
Current liabilities			
Trade and other payables	5	8,009	8,829
Derivative financial instruments		-	86
Income tax		306	1,376
Provisions		967	777
Revenue received in advance		146	409
Total current liabilities		<u>9,428</u>	<u>11,477</u>
Non-current liabilities			
Borrowings		7	8
Deferred tax		2,044	1,496
Provisions		385	378
Total non-current liabilities		<u>2,436</u>	<u>1,882</u>
Total liabilities		<u>11,864</u>	<u>13,359</u>
Net assets		<u>31,303</u>	<u>28,658</u>
Equity			
Issued capital	6	19,473	19,077
Reserves		15,700	13,451
Accumulated losses		(3,870)	(3,870)
Total equity		<u>31,303</u>	<u>28,658</u>

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

Appen Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2016



Group	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2015	18,476	5,043	(3,870)	19,649
Profit after income tax expense for the half-year	-	-	2,678	2,678
Other comprehensive income for the half-year, net of tax	-	704	-	704
Total comprehensive income for the half-year	-	704	2,678	3,382
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	601	-	-	601
Transfer between reserves	-	2,678	(2,678)	-
Transaction costs, net of tax	-	(233)	-	(233)
Share-based payments	-	101	-	101
Balance at 30 June 2015	<u>19,077</u>	<u>8,293</u>	<u>(3,870)</u>	<u>23,500</u>

Group	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2016	19,077	13,451	(3,870)	28,658
Profit after income tax expense for the half-year	-	-	5,409	5,409
Other comprehensive income for the half-year, net of tax	-	(419)	-	(419)
Total comprehensive income for the half-year	-	(419)	5,409	4,990
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares (note 6)	396	-	-	396
Transfer between reserves	-	5,409	(5,409)	-
Share-based payments	-	168	-	168
Dividends paid (note 7)	-	(2,909)	-	(2,909)
Balance at 30 June 2016	<u>19,473</u>	<u>15,700</u>	<u>(3,870)</u>	<u>31,303</u>

Reclassification

Accumulated losses in the current and prior year have been split between accumulated losses and a profit reserve. As a result the 30 June 2015 balance has been reclassified for this new treatment.

Appen Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2016



	Note	Group	30 Jun 2015
		30 Jun 2016	30 Jun 2015
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		50,738	27,379
Payments to suppliers and employees (inclusive of GST)		<u>(44,048)</u>	<u>(30,571)</u>
		6,690	(3,192)
Interest received		2	8
Interest and other finance costs paid		(8)	(3)
Income taxes paid		<u>(3,171)</u>	<u>(782)</u>
		3,513	(3,969)
Net cash from/(used in) operating activities		<u>3,513</u>	<u>(3,969)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(180)	(111)
Payments for intangibles		<u>(178)</u>	<u>(136)</u>
Net cash used in investing activities		<u>(358)</u>	<u>(247)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares	6	396	601
Dividends paid	7	<u>(2,909)</u>	<u>-</u>
Net cash (used in)/from financing activities		<u>(2,513)</u>	<u>601</u>
Net increase/(decrease) in cash and cash equivalents		642	(3,615)
Cash and cash equivalents at the beginning of the financial half-year		12,725	8,649
Effects of exchange rate changes on cash and cash equivalents		<u>(298)</u>	<u>162</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>13,069</u></u>	<u><u>5,196</u></u>

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

Note 1. General information

The financial statements cover Appen Limited as a Group consisting of Appen Limited (the 'Company') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Appen Limited's functional and presentation currency.

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

Level 6
9 Help Street
Chatswood NSW 2067

A description of the nature of the Group'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 26 August 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 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 2015 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, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2016 and are not expected to have any significant impact for the full financial year ending 31 December 2016.

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

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: Content Relevance and Language Resources. These operating segments are based on the internal reports that are reviewed and used by the Group's Chief Executive Officer ('CEO'), who is identified as the Chief Operating Decision Maker, in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CEO reviews a set of financial reports which covers EBITDA (earnings before interest, tax, depreciation and amortisation), revenue and operating segment reports on a monthly basis. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Note 3. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the financial half-year ended 30 June 2016 approximately 83% (30 June 2015: 79%) of the Group's external revenue was derived from sales to 5 major customers.

Operating segment information

	Content Relevance \$'000	Language Resources \$'000	Other segments \$'000	Total \$'000
Group - 30 Jun 2016				
Revenue				
Services revenue	34,975	18,434	-	53,409
Rent	-	-	28	28
Interest	-	-	4	4
Total revenue	34,975	18,434	32	53,441
Segment result profit (EBITDA)				
	6,061	7,446	(463)	13,044
Corporate overhead				(3,810)
Foreign exchange				(386)
Depreciation and amortisation				(617)
Net interest income/(expense)				(4)
Profit before income tax expense				8,227
Income tax expense				(2,818)
Profit after income tax expense				5,409

	Content Relevance \$'000	Language Resources \$'000	Other segments \$'000	Total \$'000
Group - 30 Jun 2015				
Revenue				
Services revenue	22,740	13,064	-	35,804
Rent	-	-	26	26
Interest	-	-	8	8
Total revenue	22,740	13,064	34	35,838
Segment result profit (EBITDA)				
	3,733	4,845	(332)	8,246
Corporate overhead				(3,115)
Foreign exchange				(288)
Depreciation and amortisation				(689)
Net interest income/(expense)				5
Profit before income tax expense				4,159
Income tax expense				(1,481)
Profit after income tax expense				2,678

Segment profit for content relevance and language resources has been restated to reflect revised divisional allocation methodology effected in 2015. There is no change to total revenue and profit.

Note 3. Operating segments (continued)

Geographical information

	Services revenue		Geographical non-current assets	
	30 Jun 2016 \$'000	30 Jun 2015 \$'000	30 Jun 2016 \$'000	31 Dec 2015 \$'000
Australia	16,810	10,883	625	418
US	36,599	24,921	10,619	11,311
	<u>53,409</u>	<u>35,804</u>	<u>11,244</u>	<u>11,729</u>

Note 4. Current assets - trade and other receivables

	Group	
	30 Jun 2016 \$'000	31 Dec 2015 \$'000
Trade receivables	11,461	12,618
Less: Provision for impairment of receivables	(122)	(34)
	<u>11,339</u>	<u>12,584</u>
Other receivables	64	235
Work in progress	7,070	4,407
GST recoverable	35	52
	<u>18,508</u>	<u>17,278</u>

Note 5. Current liabilities - trade and other payables

	Group	
	30 Jun 2016 \$'000	31 Dec 2015 \$'000
Trade payables	1,043	3,417
VAT payable	144	197
Other payables and accrued expenses	6,822	5,215
	<u>8,009</u>	<u>8,829</u>

Note 6. Equity - issued capital

	Group		Group	
	30 Jun 2016 Shares	31 Dec 2015 Shares	30 Jun 2016 \$'000	31 Dec 2015 \$'000
Ordinary shares - fully paid	<u>97,098,607</u>	<u>96,280,001</u>	<u>19,473</u>	<u>19,077</u>

Note 6. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2016	96,280,001		19,077
Issue of shares on exercise of options	1 March 2016	51,125	\$0.412	21
Issue of shares on exercise of options	1 March 2016	112,475	\$0.432	49
Issue of shares on exercise of options	1 March 2016	112,475	\$0.489	55
Issue of shares on exercise of options	1 March 2016	51,125	\$0.494	26
Issue of shares on exercise of options	1 March 2016	358,593	\$0.500	179
Issue of shares on exercise of options	16 March 2016	26,563	\$0.500	13
Issue of shares on exercise of options	8 June 2016	106,250	\$0.500	53
Balance	30 June 2016	<u>97,098,607</u>		<u>19,473</u>

Note 7. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Group	
	30 Jun 2016	30 Jun 2015
	\$'000	\$'000
Dividends paid out of the profits reserve for the year ended 31 December 2015 of 3.0 cents per ordinary share	<u>2,909</u>	<u>-</u>

Dividend declared

On 26 August 2016, the Company declared an interim dividend for the half year ended 30 June 2016 of 2.0 cents per share, fully franked. The dividend is to be paid out of the profits reserve. The record date for determining entitlements to the dividend is 2 September 2016. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2016 and will be recognised in subsequent financial reports.

Note 8. Contingent liabilities

The Group has given bank guarantees as at 30 June 2016 of \$122,000 (31 December 2015: \$122,000) to various landlords.

Note 9. Earnings per share

	Group	
	30 Jun 2016	30 Jun 2015
	\$'000	\$'000
Profit after income tax attributable to the owners of Appen Limited	<u>5,409</u>	<u>2,678</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	96,769,131	95,335,310
Adjustments for calculation of diluted earnings per share:		
Options and rights over ordinary shares	<u>2,233,029</u>	<u>841,328</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>99,002,160</u>	<u>96,176,638</u>
	Cents	Cents
Basic earnings per share	5.59	2.81
Diluted earnings per share	5.46	2.78

Note 10. Events after the reporting period

Apart from the dividend declared as disclosed in note 7, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 Group's financial position as at 30 June 2016 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

A handwritten signature in black ink that reads "Chris Vonwiller".

Christopher Vonwiller
Director

26 August 2016
Sydney



Independent auditor's review report to the members of Appen Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Appen Limited, which comprises the consolidated statement of financial position as at 30 June 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim 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 interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Appen Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.



Independent auditor's review report to the members of Appen Limited (continued)

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in black ink, appearing to be 'Tony Nimac', written in a cursive style.

Tony Nimac
Partner

Sydney

26 August 2016