



Frontier Digital Ventures Limited

ABN 25 609 183 959

Appendix 4D Preliminary Financial Report

“Results for announcement to the Market.”

Information for the half year ended 30 June 2020 given to ASX under listing rule 4.3A

Key Frontier Digital Ventures Limited information

Half year ended 30 June	2020 \$000	2019 \$000	Change
Revenues from ordinary operations	8,308	7,305	14%
Profit/(Loss) from ordinary activities after tax attributable to members	3,190	(4,743)	67%
Profit/(Loss) after tax attributable to members	3,190	(4,743)	67%
	<u>Cents</u>	<u>Cents</u>	
Profit/(Loss) per Share (basic)	1.25	(1.94)	64%
Profit/(Loss) per Share (diluted)	1.25	(1.94)	64%
NTA per Share	0.08	0.10	(20%)

Dividends

Frontier Digital Ventures Limited does not propose to pay a dividend for this reporting period (2019: nil).

Basis of this report

This report is based on the attached interim financial report of Frontier Digital Ventures Limited and controlled entities for the period ended 30 June 2020 which has been subject to review by the Company's external auditors and should be read in conjunction with Frontier's Annual Report for the year ended 31 December 2019. This report is lodged with the Australian Securities Exchange under listing rule 4.2A.

For and on behalf of the Board

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

Anthony Klok

Chairman

26 August 2020



FRONTIER DIGITAL VENTURES LIMITED
ABN 25 609 183 959

INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2020

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DIRECTORS' REPORT

The Directors of Frontier Digital Ventures Limited ("the Company" or "Frontier") submit the interim financial report of the Company and its subsidiaries ("the Group") for the half year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during, or since the end of half year ended 30 June 2020 are as follows:

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

Principal activities

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

Over the course of the year, the Group has continued its geographical focus on Target Markets in developing Asia (excluding China and India), Central and South America, and Africa/MENA, with particular focus on South East Asia and South America.

Review of Operations

Due to the nature of Frontier's portfolio, there is a difference between the "economic interest" in investments and the financial performance reported in the consolidated financial statements. At the period end, the portfolio consisted of nine investments accounted for as Controlled Entities on a Consolidated basis and three investments reported as Associates under the equity method in accordance with AASB 128.

The Group reports revenues from continuing operations of \$8,307,543 (2019: \$7,304,453) and corresponding adjusted loss before interest, tax, depreciation and amortisation (Adjusted EBITDA loss) of \$2,085,415 (2019: \$2,451,142) for the half year period ended 30 June 2020, as detailed in note 3.

	30 Jun 2020 \$	30 Jun 2019 \$
Revenue from continuing operations of Controlled Entities	8,305,706	7,304,453
Corporate revenues	1,837	-
Revenue from continuing operations	8,307,543	7,304,453
Adjusted EBITDA loss from continuing operations of Controlled Entities	(735,401)	(1,134,902)
Corporate and consolidated results	(1,350,014)	(1,316,240)
Adjusted EBITDA loss from continuing operations (Note 3)	(2,085,415)	(2,451,142)
Share of Associate's net loss before foreign exchange losses	(1,098,466)	(859,548)
Gain on disposal of an associate	6,798,910	-
Equity settled share-based payments	(110,725)	(144,151)
Depreciation and amortisation	(1,683,011)	(1,629,850)
Profit/(Loss) from continuing operations before unrealised foreign exchange gains	1,821,293	(5,084,691)
Unrealised currency exchange gains	905,953	206,912
Share of Associate's unrealised foreign exchange losses	(579,969)	(1,245,797)
Loss on disposal of a subsidiary	(267,935)	-
Net loss from discontinued operations	-	(289,680)
Profit/(Loss) before interest and tax (EBIT)	1,879,342	(6,413,256)
Net interest received	85,925	270,420
Income tax benefit/(expense)	31,727	(49,571)
Net profit/(loss) after tax	1,996,994	(6,192,407)

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

Directors' Report (cont'd)

Review of Operations (cont'd)

In February 2020, the Group disposed of its entire shareholdings in Propzy, an associate, for a cash consideration of US\$4,660,000 (AUD equivalent \$6,905,654).

During the half year ended 30 June 2020, the Group also increased its equity interest in iMyanmarhouse and LankaPropertyWeb.

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

The Group continues to carry a significant exposure to movements in the currency exchange rates between the United States Dollar (USD) and the Australian Dollar (AUD). Most acquisitions are denominated in USD and the USD is the functional currency of the intermediate holding company of the Group as well as a few significant subsidiaries. The Group held 64% (31 December 2019: 48%) of its cash and Term Deposit balances in USD denominated accounts at the period end. Since the Group reports its financial results in AUD, it continues to carry significant currency reporting risks. The current period reported unrealised currency exchange gain was \$905,953 (period ended 30 June 2019 unrealised currency exchange gain of \$206,912).

Dividends

No dividends have been paid or declared since the start of the financial year and the Group does not propose to pay a dividend for this reporting period (2019: Nil).

COVID-19 Impact

Since March 2020 the Group's performance has been temporarily impacted by the COVID-19 pandemic primarily as a result of the economic disruption and government restrictions. The Group has observed a high correlation between the timing and the duration of the temporary lockdowns and economic activity. These restrictions have diminished or even halted some form of economic activities and in response the Group responded rapidly by reviewing and reducing expenditure.

Despite the COVID-19 headwinds, the Group has demonstrated its resilience, underpinned by diligent cost management reflected in the reducing operating loss from continuing operations to \$2,973,198 (2019: \$4,018,231). The Group has reviewed the Expected Credit Loss ("ECL") provisioning and assessed the need for impairment on trade receivables, assets and goodwill. Consequently, an increase in provision for ECL amounting to \$613,975 is recognised in this financial period. No impairment of assets and goodwill are considered necessary.

Events subsequent to reporting date

- 1) On 7 July 2020, Encuentra24.com AG ("Encuentra24") entered into an investment agreement with OLX Group B.V. ("OLX") to issue 87 new ordinary shares in the Encuentra24 with value of US\$5,790,000 to OLX in exchange for cash contribution of US\$1,000,000 and Contributed Assets from OLX in Panama, Costa Rica, El Salvador and Guatemala, which include:

- (a) Consumer and customers user and ads databases; and
- (b) Active direct sales orders and/or contracts with professional customers.

Consequently, OLX owned 37.50% equity holding in Encuentra24. Despite dilution of equity holding from 42.07% to 26.30%, FDV still maintaining accounting control.

As part of the agreement, OLX holds a call option over all the issued shares of Encuentra24, which OLX may choose to exercise on the second and third anniversary from 7 July 2020. The valuation with respect to the exercise of the call option will be based on the fair market value of Encuentra24 at the time, as assessed by an independent third party. A geographical non-compete between OLX and Encuentra24 will cover all post-deal Encuentra24 markets.

- 2) On 13 July 2020, through a strategic placement to institutional investors, 6,640,842 ordinary shares were issued for cash of \$6,474,821.
- 3) The Group will continue to assess and monitor the COVID-19 situation closely as well as the measures imposed by the Governments of the respective countries where the Group operates. Although the duration and ultimate impact COVID-19 will have on world economies remain unknown, the Group's and its operating businesses are well capitalised and are in a strong position to navigate the uncertainty 2020 has presented to businesses worldwide.

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

Indemnification of auditors

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

Auditor's independence declaration

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

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

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

Dated 26 August 2020



.....
Anthony Klok
Chairman

26 August 2020

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

Dear Board Members

Auditor's Independence Declaration to Frontier Digital Ventures Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Frontier Digital Ventures Limited.

As lead audit partner for the review of the half year financial report of Frontier Digital Ventures Limited for the half year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke du Toit
Partner
Chartered Accountants

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:

- (a) The financial statements and notes of Frontier Digital Ventures Limited for the half year ended 30 June 2020:
 - (i) Give a true and fair view of the financial position and performance of the Group
 - (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



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Anthony Klok
Chairman
26 August 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 30 June 2020

	Note	Half year ended	
		30 Jun 2020	30 Jun 2019
		\$	\$
Continuing operations			
Revenue	3	8,307,543	7,304,453
Administrative expenses		(1,099,563)	(899,601)
Offline production costs		(1,326,528)	(1,065,203)
Employment expenses		(4,557,537)	(4,519,762)
Advertising and marketing expenses		(1,688,711)	(2,279,623)
Premises and infrastructure expenses		(1,165,619)	(1,093,931)
Transaction advisory costs		(34,774)	(8,511)
Other expenses		(630,951)	(33,115)
Unrealised foreign exchange gain		905,953	206,912
Depreciation and amortisation		(1,683,011)	(1,629,850)
Operating loss from continuing operations		(2,973,198)	(4,018,231)
Interest income		144,298	288,226
Interest expense		(58,373)	(17,806)
Gain from disposal of Associate	8	6,798,910	-
Share of net loss of associates			
- Share of net loss before foreign exchange loss		(1,098,466)	(859,548)
- Share of foreign exchange loss		(579,969)	(1,245,797)
	8	(1,678,435)	(2,105,345)
Profit/(Loss) before income tax		2,233,202	(5,853,156)
Income tax benefit/(expense)		31,727	(49,571)
Net profit/(loss) from continuing operations		2,264,929	(5,902,727)
Net loss after tax from discontinued operation		-	(289,680)
Loss on disposal after income tax	11	(267,935)	-
Net profit/(loss) after tax		1,996,994	(6,192,407)
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(81,449)	70,396
Share of other comprehensive income of associates	8	135,147	1,168,173
Other comprehensive income for the period, net of tax		53,698	1,238,569
Total comprehensive income/(loss) for the period		2,050,692	(4,953,838)
Profit/(Loss) attributable to:			
Owners of the Company		3,190,317	(4,742,794)
Non-controlling interests		(1,193,323)	(1,449,613)
		1,996,994	(6,192,407)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		2,598,458	(3,994,416)
Non-controlling interests		(547,766)	(959,422)
		2,050,692	(4,953,838)

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 30 June 2020

	Half year ended	
	30 Jun 2020	30 Jun 2019
	\$	\$
Total comprehensive income/(loss) attributable to owners of the Company arises from:		
Continuing operations	2,866,393	(3,777,156)
Discontinued operations	(267,935)	(217,260)
	2,598,458	(3,994,416)
	Cents	Cents
Earnings/(Loss) per share from continuing operations attributable		
Basic earnings/(loss) per share	1.35	(1.85)
Diluted earnings/(loss) per share	1.35	(1.85)
Earnings/(Loss) per share attributable to the ordinary equity holders of the Company:		
Basic earnings/(loss) per share	1.25	(1.94)
Diluted earnings/(loss) per share	1.25	(1.94)

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 Jun 2020 \$	31 Dec 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	14,776,016	12,410,121
Term deposits	4	1,506,203	48,087
Trade and other receivables	5	2,868,397	3,732,295
Other assets		28,375	26,788
Other financial assets	5	2,152,305	983,494
Tax receivables		129,519	115,532
		21,460,815	17,316,317
Assets classified as held for sale		-	264,577
Total current assets		21,460,815	17,580,894
Non-current assets			
Property, plant and equipment		612,336	708,306
Right-of-use assets	5	406,686	476,579
Other intangible assets	6	5,402,996	6,270,612
Goodwill	7	29,469,844	29,042,950
Investments in Associates	8	4,921,518	6,400,406
Total non-current assets		40,813,380	42,898,853
Total assets		62,274,195	60,479,747
LIABILITIES			
Current liabilities			
Related party advances		51	3,095
Trade and other payables	5	3,746,205	3,419,669
Borrowings	5	95,327	88,233
Billings in advance		836,656	896,123
Current lease liabilities	5	126,575	263,748
		4,804,814	4,670,868
Liabilities directly associated with assets classified as held for sale		-	164,092
Total current liabilities		4,804,814	4,834,960
Non-current liabilities			
Deferred tax liability		319,944	363,696
Borrowings	5	461,760	361,150
Non-current lease liabilities	5	274,989	199,504
Total non-current liabilities		1,056,693	924,350
Total liabilities		5,861,507	5,759,310
NET ASSETS		56,412,688	54,720,437

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 Jun 2020 \$	31 Dec 2019 \$
EQUITY			
Share capital	9	84,033,581	83,244,227
Reserves		(765,732)	1,313,799
Accumulated losses		(24,828,144)	(28,018,461)
		58,439,705	56,539,565
Non-controlling interests		(2,027,017)	(1,819,128)
TOTAL EQUITY		56,412,688	54,720,437

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2020

Note	<-----Attributable to owners of the Company----->							Non-controlling interests	Total equity
	Share capital	Share rights plan reserves	Other equity	Foreign currency translation reserves	Accumulated losses	Total			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 31 December 2018	74,169,794	483,869	470,091	465,704	(25,622,327)	49,967,131	1,207,931		51,175,062
Change in accounting policy	-	-	-	-	(7,974)	(7,974)	-		(7,974)
Balance as at 1 January 2019	74,169,794	483,869	470,091	465,704	(25,630,301)	49,959,157	1,207,931		51,167,088
Loss for the period	-	-	-	-	(4,742,794)	(4,742,794)	(1,449,613)		(6,192,407)
Foreign currency translation differences	-	-	-	748,378	-	748,378	490,191		1,238,569
Total comprehensive loss for the period	-	-	-	748,378	(4,742,794)	(3,994,416)	(959,422)		(4,939,838)
Decrease in shareholding in subsidiaries	-	-	63,313	-	-	63,313	4,919		68,232
Transaction costs relating to shares Issued	9	(54,153)	-	-	-	(54,153)	-		(54,153)
Share based payments		536,556	(332,405)	(30,000)	-	174,151	-		174,151
Balance as at 30 June 2019	74,652,197	151,464	503,404	1,214,082	(30,373,095)	46,148,052	253,428		46,401,480
Balance as at 1 January 2020	83,244,227	28,572	226,570	1,058,657	(28,018,461)	56,539,565	(1,819,128)		54,720,437
Profit/(Loss) for the period	-	-	-	-	3,190,317	3,190,317	(1,193,323)		1,996,994
Foreign currency translation differences	-	-	-	(591,859)	-	(591,859)	645,557		53,698
Total comprehensive loss for the period	-	-	-	(591,859)	3,190,317	2,598,458	(547,766)		2,050,692
Disposal of a subsidiary	-	-	(63,332)	-	-	(63,332)	349,473		286,141
Increase in shareholding in subsidiaries		683,824	-	(1,398,610)	-	(714,786)	(9,596)		(724,382)
Transaction costs relating to shares Issued	9	(60,925)	-	-	-	(60,925)	-		(60,925)
Share based payments		166,455	4,270	(30,000)	-	140,725	-		140,725
Balance as at 30 June 2020	84,033,581	32,842	(1,265,372)	466,798	(24,828,144)	58,439,705	(2,027,017)		56,412,688

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2020

	Note	Half year ended	
		30 Jun 2020	30 Jun 2019
		\$	\$
Cash used in operations		(963,390)	(2,483,527)
Interest paid		(58,373)	(42,949)
Interest received		79,310	228,780
Net cash outflow from operating activities	13	(942,453)	(2,297,696)
Cash flows from investing activities			
Purchase of property, plant and equipment		(73,161)	(100,572)
Purchase of other intangible assets		(317,133)	(488,938)
Net investments in term deposits		(1,456,600)	-
Proceeds from disposal of property, plant and equipment		1,139	10,088
Investments in associates		-	(1,289,485)
Payment for acquisition of subsidiaries		(724,382)	(123,459)
Proceeds from disposal of subsidiaries		6,905,654	-
Cash flows from loans to other entities		(1,199,325)	-
Net cash inflow/(outflow) from investing activities		3,136,192	(1,992,366)
Cash flows from financing activities			
Payment of capitalised transaction costs related to issuance of shares		(60,925)	(54,153)
Principal elements of lease payments		(147,934)	(96,136)
Transactions with other non-controlling entities		233,154	68,232
Net cash inflow/(outflow) from financing activities		24,295	(82,057)
Net increase/(decrease) in cash and cash equivalents		2,218,034	(4,372,119)
Cash and cash equivalents at beginning of the period		12,410,121	19,273,330
Effects of exchange rate changes on cash and cash equivalents		147,861	(18,110)
Cash and cash equivalents at end of the period	4	14,776,016	14,883,101

Term Deposits of \$1,506,203 (June 2019: \$46,944) are excluded from the Cash and cash equivalent balance as at 30 June 2020 and disclosed separately as a current asset in the Condensed Consolidated Statement of Financial Position.

Notes to the condensed consolidated financial statements are included on pages 12 to 25.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The financial statement for the half year ended 30 June 2020 were authorised for issue in accordance with a resolution passed by the Board of Directors. These financial statements have been reviewed, not audited.

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

COVID-19 Impact

The Group continue to display resilience in these challenging times by posting revenue growth.

In assessing financial impact of COVID-19, the Group has reviewed the Expected Credit Loss ("ECL") provisioning and assessed the need for impairment on trade receivables, assets and goodwill. Consequently, an increase in provision for ECL amounting to \$613,975 is recognised in this financial period. No impairment of assets and goodwill are considered necessary.

The impact of the COVID-19 pandemic is on-going, and it is not practicable to estimate the potential impact, whether positive or negative, going forward. The situation is still developing and is dependent on measures imposed by the government of the respective countries where the Group operates.

2. Summary of significant accounting policies

Statement of compliance

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

Basis of preparation

The half year financial report does not include all notes of the type that are normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance of the consolidated entity as the full financial report. It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 31 December 2019 and considered together with any public announcements made by Frontier Digital Ventures Limited during the 6 months ended 30 June 2020, in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 31 December 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and amended standards

The group has applied the following standards and amendments for the first time for the reporting period commencing 1 January 2020:

- Amendments to AASB 3: Definition of a Business
- Amendments to AASB 7, AASB 9 and AASB 139: Interest Rate Benchmark Reform
- Amendments to AASB 101 and AASB 108: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods based on current arrangements in place. Relevant changes to disclosure will be reflected in the full year financial report.

2. Summary of significant accounting policies (cont'd)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the group. The Group is currently assessing the impact of the new standards and interpretations below.

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

3. Segment information

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

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

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

- Autodeal.com.ph
- CarsDB.com
- Encuentra 24.com
- Hoppler.com.ph
- iMyanmarhouse.com
- Infocasas (infocasas.com.uy; infocasas.com.py; infocasas.com.bo and casaseneleste.com)
- LankaPropertyWeb.com
- Meqasa.com
- Propertypro.ng
- Corporate (representing the cost of administrating the Company and the Group)

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

Segment revenues and results

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

	Revenue		Segment results	
	Half year ended			
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$	\$	\$	\$
Continuing Operations				
Autodeal	841,061	826,365	44,253	89,237
CarsDB	498,998	408,545	(99,258)	(459,203)
Encuentra24	3,097,617	3,988,832	7,850	(174,035)
Hoppler	205,634	497,975	(349,448)	(406,908)
iMyanmarhouse	884,157	983,238	(113,450)	82,342
Infocasas	2,136,713	-	(37,331)	-
LankaPropertyWeb	280,370	241,543	(99,411)	(36,106)
Meqasa	113,460	148,906	(30,775)	(87,948)
PropertyPro	247,696	209,049	(57,831)	(142,281)
Corporate (and consolidation)	1,837	-	(1,350,014)	(1,316,240)
Segment Revenue and adjusted EBITDA from continuing operations	8,307,543	7,304,453	(2,085,415)	(2,451,142)
Equity settled share-based payments	-	-	(110,725)	(144,151)
Unrealised currency exchange gain	-	-	905,953	206,912
Depreciation and amortisation	-	-	(1,683,011)	(1,629,850)
Gain on disposal of an associate	-	-	6,798,910	-
Share of net loss of associates	-	-	(1,678,435)	(2,105,345)
Net interest	-	-	85,925	270,420
Income tax benefit/(expense)	-	-	31,727	(49,571)
Consolidated segment revenue and net profit/(loss) for the period from continuing operations	8,307,543	7,304,453	2,264,929	(5,902,727)
Revenue and net loss from discontinued operations	-	79,618	-	(289,680)
Gains on disposal after income tax (Note 11)	-	-	(267,935)	-
Consolidated segment revenue and net profit/(loss) for the period	8,307,543	7,384,071	1,996,994	(6,192,407)

3. Segment information (cont'd)

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

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

All revenues are generated from external customers. No single customer contributes 10% or more to the Group's revenue for half year ended 2019 or 2020.

Segment assets and liabilities

	Segment assets	
	30 Jun 2020 \$	31 Dec 2019 \$
Autodeal	5,143,670	4,667,451
CarsDB	3,868,780	3,840,581
Encuentra24	7,923,864	8,318,329
Hoppler	1,514,080	1,607,525
iMyanmarhouse	3,327,336	3,322,741
Infocasas	15,794,672	16,148,056
LankaPropertyWeb	940,492	1,286,167
Meqasa	1,961,597	2,054,679
PropertyPro	1,416,949	1,449,449
Corporate (and consolidation)	20,382,755	17,520,192
Total segment assets	62,274,195	60,215,170
Disposal Group held for sale	-	264,577
Consolidated total assets	62,274,195	60,479,747

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

	Segment liabilities	
	30 Jun 2020 \$	31 Dec 2019 \$
Autodeal	711,533	658,729
CarsDB	273,733	147,742
Encuentra24	1,598,145	1,574,444
Hoppler	588,850	561,276
iMyanmarhouse	229,368	167,004
Infocasas	1,394,209	1,555,540
LankaPropertyWeb	82,452	78,146
Meqasa	137,861	62,065
PropertyPro	193,664	135,537
Corporate (and consolidation)	651,692	654,735
Total segment liabilities	5,861,507	5,595,218
Disposal Group held for sale	-	164,092
Consolidated total liabilities	5,861,507	5,759,310

4. Cash and cash equivalents and term deposits

	30 Jun 2020 \$	31 Dec 2019 \$
Cash at bank and in hand	14,776,016	12,410,121
Term deposits	1,506,203	48,087

Term deposits above mature in August 2020 (2019: March 2020).

5. Significant balances

		30 Jun 2020	31 Dec 2019
	Note	\$	\$
Trade receivables		2,261,616	2,775,393
Other receivables		143,674	271,416
Prepayments		95,988	105,459
Deposits		367,119	580,027
Trade and other receivables		2,868,397	3,732,295
Other financial assets	5.1	2,152,305	983,494
Right-of-use assets		406,686	476,579
Trade payables		1,129,177	1,043,221
Other payables		1,629,713	1,287,386
Accruals		987,315	1,089,062
Trade and other payables (current liabilities)		3,746,205	3,419,669
Current lease liabilities		126,575	263,748
Non-current lease liabilities		274,989	199,504
Total lease liabilities		401,564	463,252
Current borrowings		95,327	88,233
Non-current borrowings		461,760	361,150
Borrowings	5.2	557,087	449,383

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

- 5.1.1 Convertible unsecured loan notes issued by Pakwheels Pte Ltd ("Pakwheels"), an associate company of US\$715,123 (AUD equivalent \$1,041,648). The comparative balance as at 31 December 2019 was US\$685,123 (AUD equivalent \$983,494). This loan is accounted for at fair value through profit or loss.

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

The convertible loan notes will mature on 3 October 2022.

- 5.1.2 Convertible unsecured loan notes issued by Zameen Limited ("Zameen"), an associate company of US\$762,500 (AUD equivalent \$1,110,657). This loan is accounted at fair value through profit or loss.

Interest at 10% per annum on a daily rest basis accrued and compound annually from the date of issue of the convertible loan notes. The outstanding loan notes will be converted into ordinary shares ("Ordinary Share") in Zameen upon receipt of the conversion notice of a sale of Ordinary Share or future fundraising event, or upon maturity date at the following conversion rate:

Conversion event	Conversion rate/price per Ordinary Share upon conversion
Sale of Ordinary Share	20% discount to the lowest price per Ordinary Share being paid by any buyer(s) of Zameen
Future fundraising	20% discount to the lowest price per Ordinary Share being paid by any investor(s) of Zameen
Maturity date	20% discount to the prevailing fair value of each Ordinary Share at the time of maturity

The convertible loan notes will mature on 30 April 2023.

5. Significant balances (cont'd)

5.2 Borrowings of \$557,087 (2019: \$449,383) consist of:

- a loan of USD128,285 (2019: USD128,285) and a CHF denominated loan of CHF62,025 (2019: Nil) which are non-interest bearing and is contingent upon the sale of Encuentra24; and
- a loan of USD188,744 (2019: USD184,765) awarded by the ANII (National Research and Innovation Agency), a federal agency in Uruguay, to Infocasas in 2015. Interest on the loan is charged by LIBOR +4% compounding at daily rest basis. Payments are due on a six monthly basis and the loan will mature in April 2023.

6. Intangible assets

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

	30 Jun 2020 \$	31 Dec 2019 \$
Autodeal	1,255,459	1,348,777
CarsDB	29,064	39,950
Encuentra24	994,366	1,208,966
Hoppler	248,187	312,174
iMyanmarhouse	64,721	91,841
Infocasas	2,424,549	2,685,988
LankaPropertyWeb	200,144	209,654
Meqasa	110,742	272,845
PropertyPro	75,764	100,417
Total Intangible Assets	5,402,996	6,270,612

7. Goodwill

	Half year ended 30 Jun 2020 \$	Year ended 31 Dec 2019 \$
Opening balance	29,042,950	17,572,298
Additions from business combinations acquired during the year	-	11,618,154
Impairment charge	-	(205,709)
Exchange difference	426,894	58,207
Balance at period end	29,469,844	29,042,950

Goodwill relates to cash generating units as follows:

	30 Jun 2020 \$	31 Dec 2019 \$
Autodeal	2,494,204	2,458,073
CarsDB	3,544,231	3,492,890
Encuentra24	5,793,093	5,709,176
Hoppler	821,821	809,916
iMyanmarhouse	2,209,895	2,177,883
Infocasas	11,646,940	11,478,224
LankaPropertyWeb	394,865	389,145
Meqasa	1,604,585	1,581,341
PropertyPro	960,210	946,302
Total Goodwill	29,469,844	29,042,950

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

The overall global impact of COVID-19 pandemic has slowed down activities around the world as well as introducing ongoing economic uncertainty. Since the low of the pandemic in March, traffic and revenues have returned for most CGUs, many now to pre-COVID-19 levels.

Despite the positive signs of FDV's investments recovery from the initial COVID19 impact, should restrictions be reimposed in individual countries in future periods, those relevant investments will be exposed to a potential decline in revenue which will impact the recoverable amount as calculated by management's impairment models.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculations of the carrying amounts for Hoppler, Tolet and Pakwheels are most sensitive to the following assumptions:

- Growth rates used to extrapolate cash flows beyond the forecast period.

Growth rate estimates – Revenue growth rates beyond FY20 are based on Management's best estimate, historic results and external data in the industry. Management recognises that the speed of technological change and the possibility of changes in local market share may have a significant impact on growth rate assumptions. The effect is not expected to have an adverse impact on the forecasts but could yield a reasonably possible alternative to the estimated annual growth rate of the below identified CGUs.

Hoppler CGU

The recoverable amount of Hoppler CGU of US\$6.6m as at 30 June 2020 has been determined based on a fair value less cost to sell cash flow model using cash flow projections from FY20 financial projections, approved by the Directors covering a five-year period. The projected cash flows have been updated to reflect the effects of COVID-19. The pre-tax discount rate applied to cash flow projections is 13% (December 2019: 15%) and cash flows beyond the five-year period are extrapolated using an average 36% growth rate (December 2019: 42%). A reduction by 50% in the annual growth rate for Hoppler would result in impairment.

The recoverable amount of the CGU exceeded the carrying amount of the entity non-current assets by US\$5.1m. As a result of this analysis, management has not recognised an impairment charge in the current year.

ToLet CGU

The recoverable amount of ToLet CGU of US\$2.2m as at 30 June 2020 has been determined based on a fair value less cost to sell cash flow model using cash flow projections from FY20 financial projections, approved by the Directors covering a five-year period. The projected cash flows have been updated to reflect the effects of COVID-19. The pre-tax discount rate applied to cash flow projections is 33% (December 2019: 30%) and cash flows beyond the five-year period are extrapolated using an average 25% growth rate (December 2019: 22%). A reduction by 20% in the annual growth rate for ToLet would result in an impairment.

The recoverable amount of the CGU exceeded the carrying amount of the entity non-current assets by US\$0.5m. As a result of this analysis, management has not recognised an impairment charge in the current year.

Pakwheels CGU

The recoverable amount of Pakwheels CGU of US\$2.0m as at 30 June 2020 has been determined based on a fair value less cost to sell cash flow model using cash flow projections from FY20 financial projections approved, by the Directors covering a five-year period. The projected cash flows have been updated to reflect the effects of COVID-19. The pre-tax discount rate applied to cash flow projections is 27% (December 2019: 22%) and cash flows beyond the five-year period are extrapolated using an average 19% growth rate (December 2019: 19%). A reduction by 30% in the annual growth rate for Pakwheels would result in an impairment.

The recoverable amount of the CGU exceeded the carrying amount of the entity non-current assets by US\$0.7m. As a result of this analysis, management has not recognised an impairment charge in the current year.

8. Investments in associates

	Half year ended 30 Jun 2020 \$	Year ended 31 Dec 2019 \$
Opening balance	6,400,406	7,781,691
Additions	-	2,360,677
Disposals	(40,458)	-
Step acquisition	-	(1,470,753)
Share of total comprehensive loss	(1,543,288)	(2,442,113)
Exchange differences	104,858	170,904
Balance at period end	4,921,518	6,400,406

On 5 February 2020, the Group disposed of its entire shareholding in Propzy, an associate, for cash consideration of US\$4,660,000 (AUD equivalent \$6,905,654) and generated a gain on disposal of associate of US\$4,587,968 (AUD equivalent \$6,798,910).

On 11 June 2020, Kupatana underwent a corporate restructuring where all shareholders have sold their shares in Kupatana AB in exchange for 90% equity holding in Kupatana Holding AB (PUBL), a newly formed public company. The continuation of business of Kupatana has not been affected by the change of holding company. As a result of the corporate restructuring, the Group's equity holding in Kupatana has been diluted to 26.67%.

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

Name of Operating Company	Principal activities	Country of business/ incorporation	Equity holding		Accounting method at 30 Jun 2020
			As at 30 Jun 2020	As at 31 Dec 2019	
Kupatana Holding AB (PUBL) ("Kupatana")	Online classified advertising, event management, and investment holding	Sweden	26.67%	33.09%	Equity Accounted
Kupatana Ltd	Online classified advertising and event management	Tanzania	26.67%	33.09%	
Kupatana Ltd	Online classified advertising and event management	Uganda	26.67%	33.09%	
Buyandsell Tanzania AB	Online classified advertising and event management	Sweden	26.67%	33.09%	
Moteur.MA ("Moteur")	Online classified advertising and event management (Moteur.ma)	Morocco	56.31%	56.31%	Equity Accounted
Propzy	Investment holding	Singapore	-	20.41%	Equity Accounted
Propzy Vietnam Co., Ltd	Operator of online property classifieds portal	Vietnam	-	20.41%	
Propzy Services Co., Ltd.	Operator of online property classifieds portal	Vietnam	-	20.41%	
Pakwheels Pte Ltd ("Pakwheels")	Investment holding	Singapore	36.84%	36.84%	Equity Accounted
Pakwheels (Private) Ltd	Online classified advertising and event management (PakWheels.com)	Pakistan	36.84%	36.84%	
Zameen Ltd ("Zameen")	Investment holding	United Kingdom	30.00%	30.00%	Equity Accounted
Zameen Media Pvt Ltd	Online classified advertising and event management (Zameen.com)	Pakistan	30.00%	30.00%	

8. Investments in associates (cont'd)

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

Half Year ended 30 June 2020											
Operating company	Cost of investment					Share of total comprehensive income					Carrying amount 30-Jun-20
	1-Jan-20	Addition	Disposal	Exchange difference	30-Jun-20	1-Jan-20	Addition	Disposal	Exchange difference	30-Jun-20	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Zameen	10,766,065	-	-	158,248	10,924,313	(7,642,252)	(1,217,244)	-	(48,953)	(8,908,449)	2,015,864
Propzy	2,050,715	-	(2,050,715)	-	-	(1,947,313)	-	2,010,257	(62,944)	-	-
Pakwheels	5,024,250	-	-	73,850	5,098,100	(2,954,503)	(223,982)	-	(35,252)	(3,213,737)	1,884,363
Kupatana	1,153,009	-	-	-	1,153,009	(1,153,009)	-	-	-	(1,153,009)	-
Moteur	1,478,565	-	-	21,733	1,500,298	(375,121)	(102,062)	-	(1,824)	(479,007)	1,021,291
	<u>20,472,604</u>	<u>-</u>	<u>(2,050,715)</u>	<u>253,831</u>	<u>18,675,720</u>	<u>(14,072,198)</u>	<u>(1,543,288)</u>	<u>2,010,257</u>	<u>(148,973)</u>	<u>(13,754,202)</u>	<u>4,921,518</u>

Year ended 31 December 2019											
Operating company	Cost of investment					Share of total comprehensive income					Carrying amount 31-Dec-19
	1-Jan-19	Addition	Step Acquisition	Exchange difference	31-Dec-19	1-Jan-19	Addition	Step Acquisition	Exchange difference	31-Dec-19	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Zameen	8,520,600	2,125,692	-	119,773	10,766,065	(6,888,833)	(695,978)	-	(57,441)	(7,642,252)	3,123,813
Propzy	2,028,716	-	-	21,999	2,050,715	(656,309)	(1,288,907)	-	(2,097)	(1,947,313)	103,402
Pakwheels	4,970,350	-	-	53,900	5,024,250	(2,526,558)	(399,997)	-	(27,948)	(2,954,503)	2,069,747
Kupatana	1,153,009	-	-	-	1,153,009	(1,153,009)	-	-	-	(1,153,009)	-
Infocasas	1,353,355	234,985	(1,627,584)	39,244	-	(163,201)	(4,734)	156,831	11,104	-	-
Moteur	1,462,703	-	-	15,862	1,478,565	(319,132)	(52,497)	-	(3,492)	(375,121)	1,103,444
	<u>19,488,733</u>	<u>2,360,677</u>	<u>(1,627,584)</u>	<u>250,778</u>	<u>20,472,604</u>	<u>(11,707,042)</u>	<u>(2,442,113)</u>	<u>156,831</u>	<u>(79,874)</u>	<u>(14,072,198)</u>	<u>6,400,406</u>

8. Investments in associates (cont'd)

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

Half Year ended 30 June 2020											
Operating Company	Share of associates profit or loss					Share of other comprehensive income					Share of total comprehensive income
	1-Jan-20	Addition	Unrealised foreign exchange gain/(loss)	Disposal	30-Jun-20	1-Jan-20	Addition	Disposal	Exchange difference	30-Jun-20	30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Zameen	(8,756,891)	(734,525)	(379,306)	-	(9,870,722)	1,114,639	(103,413)	-	(48,953)	962,273	(8,908,449)
Propzy	(1,924,458)	-	-	2,014,129	89,671	(22,855)	-	(3,872)	(62,944)	(89,671)	-
Pakwheels	(3,592,664)	(265,155)	(200,663)	-	(4,058,482)	638,161	241,836	-	(35,252)	844,745	(3,213,737)
Kupatana	(1,173,106)	-	-	-	(1,173,106)	20,097	-	-	-	20,097	(1,153,009)
Moteur	(366,004)	(98,786)	-	-	(464,790)	(9,117)	(3,276)	-	(1,824)	(14,217)	(479,007)
	<u>(15,813,123)</u>	<u>(1,098,466)</u>	<u>(579,969)</u>	<u>2,014,129</u>	<u>(15,477,429)</u>	<u>1,740,925</u>	<u>135,147</u>	<u>(3,872)</u>	<u>(148,973)</u>	<u>1,723,227</u>	<u>(13,754,202)</u>

Half Year ended 30 June 2019											
Operating Company	Share of associates profit or loss					Share of other comprehensive income					Share of total comprehensive income
	1-Jan-19	Addition	Unrealised foreign exchange gain/(loss)	Step Acquisition	30-Jun-19	1-Jan-19	Addition	Step Acquisition	Exchange difference	30-Jun-19	30-Jun-19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Zameen	(7,324,068)	(14,157)	(850,302)	-	(8,188,527)	435,235	741,724	-	(34,171)	1,142,788	(7,045,739)
Propzy	(643,124)	(570,109)	(5,307)	-	(1,218,540)	(13,185)	3,906	-	(8,755)	(18,034)	(1,236,574)
Pakwheels	(2,920,836)	(232,503)	(374,281)	-	(3,527,620)	394,278	405,237	-	(18,496)	781,019	(2,746,601)
Kupatana	(1,173,106)	-	-	-	(1,173,106)	20,097	-	-	-	20,097	(1,153,009)
Infocasas	(166,741)	(16,730)	(15,907)	-	(199,378)	3,540	17,934	-	(2,080)	19,394	(179,984)
Moteur	(315,367)	(26,049)	-	-	(341,416)	(3,765)	(628)	-	(2,301)	(6,694)	(348,110)
	<u>(12,543,242)</u>	<u>(859,548)</u>	<u>(1,245,797)</u>	<u>-</u>	<u>(14,648,587)</u>	<u>836,200</u>	<u>1,168,173</u>	<u>-</u>	<u>(65,803)</u>	<u>1,938,570</u>	<u>(12,710,017)</u>

8. Investments in associates (cont'd)

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

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

30 Jun 20												
Operating Company	Assets					Liabilities						
	Current assets			Non-current assets		Current liabilities			Non-current liabilities			Net assets
	Cash and cash equivalents	Other current assets	Total current assets	Non-current assets	Intangible assets on investment	Financial liabilities	Other current liabilities	Total current liabilities	Financial liabilities	Other non-current liabilities	Total non-current liabilities	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Zameen	7,590,648	13,443,998	21,034,646	4,393,409	302,305	19,307,832	1,848,950	21,156,782	-	-	-	4,573,578
Pakwheels	43,965	567,902	611,867	92,528	13,825	3,716,592	295,835	4,012,427	-	-	-	(3,294,207)
Moteur	96,536	198,789	295,325	91,220	7,898	107,394	7,432	114,826	-	-	-	279,617
	7,731,149	14,210,689	21,941,838	4,577,157	324,028	23,131,818	2,152,217	25,284,035	-	-	-	1,558,988

31 Dec 19												
Operating Company	Assets					Liabilities						
	Current assets			Non-current assets		Current liabilities			Non-current liabilities			Net assets
	Cash and cash equivalents	Other current assets	Total current assets	Non-current assets	Intangible assets on investment	Financial liabilities	Other current liabilities	Total current liabilities	Financial liabilities	Other non-current liabilities	Total non-current liabilities	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Zameen	1,878,149	13,126,587	15,004,736	4,765,795	621,218	9,562,143	2,531,780	12,093,923	-	-	-	8,297,826
Propzy	1,418,934	2,344,451	3,763,385	134,650	768,440	10,037,019	-	10,037,019	-	-	-	(5,370,544)
Pakwheels	9,727	809,336	819,063	132,159	48,036	3,371,850	296,587	3,668,437	-	-	-	(2,669,179)
Moteur	144,833	411,650	556,483	86,620	13,291	195,785	12,876	208,661	-	-	-	447,733
	3,451,643	16,692,024	20,143,667	5,119,224	1,450,985	23,166,797	2,841,243	26,008,040	-	-	-	705,836

8. Investments in associates (cont'd)

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

Operating Company	Half Year ended 30 June 2020					Half Year ended 30 June 2019				
	Net loss before unrealised foreign exchange gain/(loss)	Unrealised foreign exchange gain/(loss)	Other comprehensive income	Amortisation of intangible assets	Total comprehensive income	Net loss before unrealised foreign exchange gain/(loss)	Unrealised foreign exchange gain/(loss)	Other comprehensive income	Amortisation of intangible assets	Total comprehensive income
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Zameen	(2,105,220)	(1,264,354)	(344,710)	(343,197)	(4,057,481)	259,381	(2,834,339)	2,472,415	(306,573)	(409,116)
Propzy	-	-	-	-	-	(2,582,488)	(26,003)	19,137	(210,793)	(2,800,147)
Pakwheels	(683,216)	(544,688)	656,450	(36,531)	(607,985)	(589,874)	(1,015,963)	1,099,991	(41,242)	(547,088)
Infocasas	-	-	-	-	-	31,602	(49,991)	56,322	(86,136)	(48,203)
Moteur	(169,585)	-	(5,818)	(5,848)	(181,251)	(35,892)	-	(1,115)	(10,368)	(47,375)
	(2,958,021)	(1,809,042)	305,922	(385,576)	(4,846,717)	(2,917,271)	(3,926,296)	3,646,750	(655,112)	(3,851,929)

Total revenue generated by operating entities in the period during which they were accounted by the Group as associate companies, using the equity accounting method, is \$18,783,861 (2019: \$25,630,810) as follows:

Operating Company	Half Year 30 June 2020 \$	Half Year 30 June 2019 \$
Zameen	18,053,610	20,334,022
Propzy	-	1,943,967
Pakwheels	589,716	883,658
Infocasas	-	2,223,624
Moteur	140,535	245,539
	18,783,861	25,630,810

9. Share capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Fully paid ordinary shares				
At 1 January	256,072,265	244,120,362	83,244,227	74,169,794
Issued for business combination	618,286	-	683,824	-
Issued to employees and directors	230,266	1,067,991	166,455	536,556
	<u>256,920,817</u>	<u>245,188,353</u>	<u>84,094,506</u>	<u>74,706,350</u>
Less: Transaction costs	-	-	(60,925)	(54,153)
At 30 June	<u>256,920,817</u>	<u>245,188,353</u>	<u>84,033,581</u>	<u>74,652,197</u>

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

During the half year ended 30 June 2020, 618,286 ordinary shares with a value of \$683,824 were issued as purchase consideration for the increase in equity interest in iMyanmarhouse as disclosed in Note 10.1.

In the same period, 141,940 (2019: 967,991) ordinary shares were issued to employees as share based payments with a value of \$106,455 (2019: \$476,556), of which 720,000 shares with a value of \$360,000 were issued upon the exercise of employee Share Rights during the half year ended 30 June 2019.

A further 88,326 (2019:100,000) ordinary shares were issued to Directors as share based payments with a value of \$60,000 (2019: \$60,000).

10. Business Combinations

10.1 Increase in equity interest in iMyanmarhouse

On 24 February 2020, the Group acquired 1,307 ordinary shares from other shareholder of iMyanmarhouse with a total consideration of US\$930,000 (AUD equivalent \$1,408,206), of which US\$465,000 are paid in cash and the remaining US\$465,000 (AUD equivalent \$683,824) paid via issuance of 618,286 ordinary shares of the Company, increasing its equity interest by 10% from 42.63% to 52.63%.

10.2 Increase in equity interest in LankaPropertyWeb

On 18 February 2020, the Group acquired additional 197 ordinary shares in LankaPropertyWeb via capitalisation of debts amounting to US\$250,347 (AUD equivalent \$374,343), increasing its equity interest by 5.25% from 47.76% to 53.01%.

11. Discontinued operations

In October 2019, the Group entered into a sale agreement to dispose its entire shareholding in TechAfrica and the associated assets and liabilities of TechAfrica were consequently presented as held for sale in the financial statements for the year ended 31 December 2019.

The disposal process was completed on 27 April 2020 and loss on disposal of subsidiary of \$267,935 were recognised during the half year ended 30 June 2020.

The comparative items in the condensed consolidated statement of comprehensive income have been restated for discontinued operations.

12. Convertible loan notes

As at 30 June 2020, there were convertible loan notes held in the following operating entities.

Operating company	Conversion prior to Maturity Date	Consideration US\$	Interest rate per annum	Balance for conversion at period end US\$	Current shareholding %	Maximum Group equity holding % after conversion
Pakwheels	3 October 2022	600,000	10%	715,123	36.84%	Variable*
Zameen	30 April 2023	750,000	10%	762,500	30.00%	29.59%

*Note 5.1.1 – Other financial assets

13. Notes to the condensed consolidated statement of cash flows

	Half year ended	
	30 Jun 2020 \$	30 Jun 2019 \$
Cash flows from operating activities		
Net profit/(loss) before tax	1,965,267	(6,142,836)
Adjustments for:		
Amortisation of intangible assets	1,514,919	1,685,081
Depreciation	168,092	127,020
Gain on disposal of property, plant and equipment	1,899	(564)
Disposal of Right-of-use assets	(409)	-
Net loss allowance on doubtful debts	534	15,942
Net foreign exchange difference	(905,953)	(206,900)
Share of net loss of associates	1,678,435	2,105,345
Interest income	(144,298)	(269,194)
Interest expense	58,373	42,949
Non-cash employee benefits expense – share based payments	140,725	174,151
Loss on disposal of a subsidiary	267,935	-
Gains on disposal of an associate	(6,798,910)	-
	(2,053,391)	(2,469,006)
Change in operating assets and liabilities:		
Trade and other receivables	1,138,600	(394,725)
Trade and other payables	(48,599)	380,204
Cash used in operations	(963,390)	(2,483,527)
Interest paid	(58,373)	(42,949)
Interest received	79,310	228,780
Net cash used in operating activities	(942,453)	(2,297,696)

14. Contingencies

Various claims arise in the ordinary course of business against Frontier Digital Ventures Limited and its subsidiaries. The amount of the liability (if any) at 30 June 2020 cannot be ascertained and the Directors believe that any resulting liability would not materially affect the financial position of the Group.

15. Subsequent events

- 1) On 7 July 2020, Encuentra24.com AG ("Encuentra24") entered into an investment agreement with OLX Group B.V. ("OLX") to issue 87 new ordinary shares in the Encuentra24 with value of US\$5,790,000 to OLX in exchange for cash contribution of US\$1,000,000 and Contributed Assets from OLX in Panama, Costa Rica, El Salvador and Guatemala, which include:
 - a) Consumer and customers user and ads databases; and
 - b) Active direct sales orders and/or contracts with professional customers.

Consequently, OLX owned 37.50% equity holding in Encuentra24. Despite dilution of equity holding from 42.07% to 26.30%, FDV still maintaining accounting control.

As part of the agreement, OLX holds a call option over all the issued shares of Encuentra24, which OLX may choose to exercise on the second and third anniversary from 7 July 2020. The valuation with respect to the exercise of the call option will be based on the fair market value of Encuentra24 at the time, as assessed by an independent third party. A geographical non-compete between OLX and Encuentra24 will cover all post-deal Encuentra24 markets.

- 2) On 13 July 2020, through a strategic placement to institutional investors, 6,640,842 ordinary shares were issued for cash of \$6,474,821.
- 3) The Group will continue to assess and monitor the COVID-19 situation closely as well as the measures imposed by the Governments of the respective countries where the Group operates. Although the duration and ultimate impact COVID-19 will have on world economies remain unknown, the Group's and its operating businesses are well capitalised and are in a strong position to navigate the uncertainty 2020 has presented to businesses worldwide.

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

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

We have reviewed the accompanying half-year financial report of Frontier Digital Ventures Limited and its subsidiaries (the "Group"), which comprises the condensed statement of financial position as at 30 June 2020, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising Frontier Digital Ventures Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 26.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 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*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke du Toit
Partner
Melbourne, 26 August 2020

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The Board	
Anthony Klok Shaun Antony Di Gregorio Mark Licciardo	Independent Director, non-executive Chairman Non-independent executive Director and Chief Executive Officer Independent, non-executive Director and Company Secretary
Chief Executive Officer	Chief Financial Officer
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