

## 1. Company details

Name of entity:	Appen Limited
ABN:	60 138 878 298
Reporting period:	For the half-year ended 30 June 2017
Previous period:	For the half-year ended 30 June 2016

## 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	up	38.6% to	74,058
Profit from ordinary activities after tax attributable to the owners of Appen Limited	up	50.0% to	8,115
Profit for the half-year attributable to the owners of Appen Limited	up	50.0% to	8,115

### *Dividends*

	<b>Amount per security Cents</b>	<b>Franked amount per security Cents</b>
Final dividend for the year ended 31 December 2016	3.00	3.00

### *Dividend declared*

On 28 August 2017, the Company declared an interim dividend for the year ended 31 December 2017 of 3.0 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 4 September 2017. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2017 and will be recognised in subsequent financial reports.

### *Comments*

The profit for the Group after providing for income tax amounted to \$8,115,000 (30 June 2016: \$5,409,000).

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

## 3. Net tangible assets

	<b>Current period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>25.28</u>	<u>21.08</u>

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

### *Current period*

	<b>Amount per security Cents</b>	<b>Franked amount per security Cents</b>
Final dividend for the year ended 31 December 2016	3.00	3.00

### *Dividend declared*

On 28 August 2017, the Company declared an interim dividend for the year ended 31 December 2017 of 3.0 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 4 September 2017. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2017 and will be recognised in subsequent financial reports.

### *Previous period*

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

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

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

Not applicable.

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## 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.


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## 11. Attachments

*Details of attachments (if any):*

The Interim Report of Appen Limited for the half-year ended 30 June 2017 is attached.

12. Signed

A handwritten signature in black ink, appearing to read 'Mark Brayan', written over a horizontal line.

Signed \_\_\_\_\_

Date: 28 August 2017

Mark Brayan  
Managing Director  
Sydney



**Appen Limited**

**ABN 60 138 878 298**

**Interim Report - 30 June 2017**

**Appen Limited**  
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**30 June 2017**



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Directors	Christopher Charles Vonwiller - Chairman Mark Ronald Brayan – Managing Director and Chief Executive Officer Stephen John Hasker Robin Jane Low William Robert Pulver Deena Robyn Shiff
Company secretary	Leanne Ralph
Registered office and principal place of business	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 Tower Three International Towers Sydney 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	<a href="http://www.appen.com">www.appen.com</a>

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 2017.

### **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  
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 to any of 140 global markets.

Appen was founded in 1996 and listed on the Australian Securities Exchange on 7 January 2015.

### **Dividends**

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

	<b>Group</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend paid out of the profits reserve for the year ended 31 December 2016 of 3.0 cents per ordinary share (2016: 3.0 cents)	<u>2,928</u>	<u>2,909</u>

#### *Dividend declared*

On 28 August 2017, the Company declared an interim dividend for the year ended 31 December 2017 of 3.0 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 4 September 2017. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2017 and will be recognised in subsequent financial reports.

**Review of operations**

The profit for the Group after providing for income tax amounted to \$8,115,000 (30 June 2016: \$5,409,000).

**Financial performance**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000	Percentage change %	Percentage change constant currency %
Language Resources	20,747	18,434	13%	17%
Content Relevance	53,305	34,975	52%	56%
Other	6	32		
<b>Total revenue from principal activities</b>	<b>74,058</b>	<b>53,441</b>	<b>39%</b>	<b>42%</b>
Net profit after tax (NPAT)	8,115	5,409	50%	62%
Add tax	3,532	2,818		
Add net interest expense/(income)	3	4		
<b>EBIT*</b>	<b>11,650</b>	<b>8,231</b>	<b>42%</b>	<b>49%</b>
Depreciation and amortisation	1,119	617		
<b>Statutory EBITDA**</b>	<b>12,769</b>	<b>8,848</b>	<b>44%</b>	<b>52%</b>
% Statutory EBITDA / Sales	17.2%	16.6%		
% Segment Profit / Sales				
Language Resources	36.0%	40.4%		
Content Relevance	16.8%	17.3%		

\* EBIT is defined as earnings before tax and interest

\*\* EBITDA is EBIT before depreciation and amortisation

Total revenue for the period ended 30 June 2017 was \$74,058,000 compared to prior period revenue of \$53,441,000. The drivers behind this change in revenue were:

- The Language Resources division recorded a 13% increase in revenue over the prior year, driven mainly by increased demand for data collection services for government customers as well as technology and automotive customers. On a constant currency basis, the revenue growth was 17%.
- The Content Relevance division delivered a 52% increase in revenue over the prior year. This was largely driven by increased demand for human annotated data for a variety of machine learning applications. On a constant currency basis, the revenue growth was 56%.

The Company reported EBITDA of \$12,769,000 for the half year period to 30 June 2017, representing a 44% increase over the prior corresponding period. 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 of scale. This is evidenced by operating expenses (expenses excluding services purchased, depreciation, impairment, finance costs and foreign exchange) for the first half period comprising 24.6% of revenue as compared to 29.5% for the prior corresponding period. The EBITDA result included realised and unrealised foreign exchange gains of \$558,000. Excluding these gains, the EBITDA was \$12,211,000 and the EBITDA return was 16.5%. On a constant currency basis, the EBITDA growth was 52%.

The Language Resources division reported return on sales of 36% down from 40%, due to movements in customer and project mix resulting in a lower gross margin percentage. The Content Relevance division reported return on sales of 16.8% from 17.3%. The reduction was expected due to volume related discounts that became effective in the second half of last year. However, the return for the first half of this year has increased significantly on the second half of last year return of 11.7%. This is due to productivity measures and cost control and efficiencies implemented in late Q3 and Q4 last year.



**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 (Rounding Instrument), 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 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".

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Christopher Vonwiller  
Director

28 August 2017  
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 of Appen Limited for the half-year ended 30 June 2017 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

28 August 2017

**Appen Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2017**



		<b>Group</b>	
	<b>Note</b>	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	74,058	53,441
Foreign exchange gain		558	-
<b>Expenses</b>			
Services purchased - data collection		(43,618)	(28,443)
Employee benefits expense		(13,534)	(12,303)
Depreciation and amortisation expense		(1,119)	(617)
Impairment of assets		-	(107)
Travel expense		(437)	(564)
Professional fees		(899)	(911)
Rental expense		(388)	(249)
Communication expense		(132)	(167)
Other expenses		(2,839)	(1,459)
Finance costs and foreign exchange loss	3	(3)	(394)
<b>Profit before income tax expense</b>		11,647	8,227
Income tax expense		(3,532)	(2,818)
<b>Profit after income tax expense for the half-year attributable to the owners of Appen Limited</b>		8,115	5,409
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,928)	(419)
Other comprehensive income for the half-year, net of tax		(1,928)	(419)
<b>Total comprehensive income for the half-year attributable to the owners of Appen Limited</b>		6,187	4,990
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	8.32	5.59
Diluted earnings per share	9	8.21	5.46

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

	<b>Note</b>	<b>Group</b> <b>30 Jun 2017</b> <b>\$'000</b>	<b>31 Dec 2016</b> <b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		19,986	16,471
Trade and other receivables	4	23,215	21,861
Derivative financial instruments		261	-
Prepayments		733	415
<b>Total current assets</b>		<u>44,195</u>	<u>38,747</u>
<b>Non-current assets</b>			
Property, plant and equipment		1,168	725
Intangibles		14,377	14,543
Other deposits		11	12
<b>Total non-current assets</b>		<u>15,556</u>	<u>15,280</u>
<b>Total assets</b>		<u>59,751</u>	<u>54,027</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	14,368	12,177
Derivative financial instruments		-	199
Income tax		2,183	1,447
Provisions		1,203	884
Revenue received in advance		471	716
<b>Total current liabilities</b>		<u>18,225</u>	<u>15,423</u>
<b>Non-current liabilities</b>			
Borrowings		5	6
Deferred tax		2,004	2,778
Provisions		429	417
<b>Total non-current liabilities</b>		<u>2,438</u>	<u>3,201</u>
<b>Total liabilities</b>		<u>20,663</u>	<u>18,624</u>
<b>Net assets</b>		<u>39,088</u>	<u>35,403</u>
<b>Equity</b>			
Issued capital	6	19,795	19,510
Reserves		23,163	19,763
Accumulated losses		(3,870)	(3,870)
<b>Total equity</b>		<u>39,088</u>	<u>35,403</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 2017**



<b>Group</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
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>
<b>Group</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2017	19,510	19,763	(3,870)	35,403
Profit after income tax expense for the half-year	-	-	8,115	8,115
Other comprehensive income for the half-year, net of tax	-	(1,928)	-	(1,928)
Total comprehensive income for the half-year	-	(1,928)	8,115	6,187
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares (note 6)	285	-	-	285
Transfer between reserves	-	8,115	(8,115)	-
Share-based payments	-	141	-	141
Dividends paid (note 7)	-	(2,928)	-	(2,928)
Balance at 30 June 2017	<u>19,795</u>	<u>23,163</u>	<u>(3,870)</u>	<u>39,088</u>

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

**Appen Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 30 June 2017**



	<b>Note</b>	<b>Group</b>	<b>30 Jun 2016</b>
		<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		71,891	50,738
Payments to suppliers and employees (inclusive of GST)		<u>(59,244)</u>	<u>(44,048)</u>
		12,647	6,690
Interest received		1	4
Interest and other finance costs paid		(3)	(10)
Income taxes paid		<u>(3,493)</u>	<u>(3,171)</u>
Net cash from operating activities		<u>9,152</u>	<u>3,513</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(581)	(180)
Payments for intangibles		<u>(1,568)</u>	<u>(178)</u>
Net cash used in investing activities		<u>(2,149)</u>	<u>(358)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	6	285	396
Dividends paid	7	<u>(2,928)</u>	<u>(2,909)</u>
Net cash used in financing activities		<u>(2,643)</u>	<u>(2,513)</u>
Net increase in cash and cash equivalents		4,360	642
Cash and cash equivalents at the beginning of the financial half-year		16,471	12,725
Effects of exchange rate changes on cash and cash equivalents		<u>(845)</u>	<u>(298)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>19,986</u></u>	<u><u>13,069</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 28 August 2017.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 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 2016 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 or amended 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 2017 and are not expected to have any significant impact for the full financial year ending 31 December 2017.

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 based on differences in products and services provided: 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.

**Note 3. Operating segments (continued)**

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

Content Relevance	Content Relevance provides annotated data used in search technology (embedded in web, e-commerce and social engagement) for improving relevance and accuracy of search results.
Language Resources	Language Resources 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.

*Intersegment transactions*

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

*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 2017 approximately 88% (30 June 2016: 83%) of the Group's external revenue was derived from sales to five major customers.

*Operating segment information*

	Content Relevance \$'000	Language Resources \$'000	Other segments \$'000	Total \$'000
<b>Group - 30 Jun 2017</b>				
<b>Revenue</b>				
Services revenue	53,305	20,747	-	74,052
Interest and other income	-	-	6	6
<b>Total revenue</b>	<u>53,305</u>	<u>20,747</u>	<u>6</u>	<u>74,058</u>
<b>Segment result</b>	<u>8,982</u>	<u>7,472</u>	<u>(693)</u>	15,761
Corporate overhead				(3,550)
Foreign exchange gain				558
Depreciation and amortisation *				(1,119)
Interest				(3)
<b>Profit before income tax expense</b>				<u>11,647</u>
Income tax expense				(3,532)
<b>Profit after income tax expense</b>				<u>8,115</u>

\* Amortisation expense includes AUD\$572,719 for the disposal of ERP system purchased in March 2014, since there is no probable future economic benefits.



**Note 3. Operating segments (continued)**

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

*Geographical information*

	Services revenue		Geographical non-current assets	
	30 Jun 2017 \$'000	30 Jun 2016 \$'000	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Australia	18,286	16,810	1,069	666
US	54,989	36,599	12,082	12,169
Others	777	-	2,405	2,445
	<u>74,052</u>	<u>53,409</u>	<u>15,556</u>	<u>15,280</u>

**Note 4. Current assets - trade and other receivables**

	Group	
	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Trade receivables	17,241	14,360
Less: Provision for impairment of receivables	(76)	(81)
	<u>17,165</u>	<u>14,279</u>
Other receivables	550	398
Work in progress	5,500	7,184
	<u>23,215</u>	<u>21,861</u>

**Note 5. Current liabilities - trade and other payables**

	Group	
	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Trade payables	7,827	5,842
Other payables and accrued expenses	6,541	6,335
	<u>14,368</u>	<u>12,177</u>

**Note 6. Equity - issued capital**

	<b>Group</b>			
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>97,761,955</u>	<u>97,180,407</u>	<u>19,795</u>	<u>19,510</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 January 2017	97,180,407		19,510
Issue of shares on exercise of options	1 March 2017	318,750	\$0.500	159
Issue of shares on exercise of options	1 March 2017	20,450	\$0.489	10
Issue of shares on exercise of options	1 March 2017	20,450	\$0.432	9
Issue of shares on exercise of options	3 March 2017	53,125	\$0.500	27
Issue of shares on exercise of options	9 March 2017	106,250	\$0.500	53
Issue of shares on exercise of performance rights	10 April 2017	9,398		-
Issue of shares on exercise of options	16 June 2017	<u>53,125</u>	\$0.500	<u>27</u>
Balance	30 June 2017	<u>97,761,955</u>		<u>19,795</u>

**Note 7. Equity - dividends**

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

	<b>Group</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend paid out of the profits reserve for the year ended 31 December 2016 of 3.0 cents per ordinary share (2016: 3.0 cents)	<u>2,928</u>	<u>2,909</u>

*Dividend declared*

On 28 August 2017, the Company declared an interim dividend for the year ended 31 December 2017 of 3.0 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 4 September 2017. The financial effect of these dividends has not been brought to account in the financial statements for the period ended 30 June 2017 and will be recognised in subsequent financial reports.

**Note 8. Contingent liabilities**

The Group has given bank guarantees as at 30 June 2017 of \$133,000 (31 December 2016: \$122,000) to various landlords.

**Note 9. Earnings per share**

	<b>Group</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax attributable to the owners of Appen Limited	<u>8,115</u>	<u>5,409</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	97,532,356	96,769,131
Adjustments for calculation of diluted earnings per share:		
Options and rights over ordinary shares	<u>1,293,324</u>	<u>2,233,029</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>98,825,680</u>	<u>99,002,160</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8.32	5.59
Diluted earnings per share	8.21	5.46

**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 2017 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 2017 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".

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Christopher Vonwiller  
Director

28 August 2017  
Sydney



# Independent Auditor's Review Report

To the members of Appen Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Appen Limited.

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 Appen Limited 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 2017 and of 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*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year Period ended on that date
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Appen Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.



## Responsibilities of the Directors 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*
- 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 Half-year Financial Report

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 Group's financial position as at 30 June 2017 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 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Tony Nimac

Partner

Sydney

28 August 2017