



iCar Asia Limited

ABN 91 157 710 846

Financial Report

for the half year ended 30 June 2013

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Directors' report

The Directors of iCar Asia Limited submit their financial report for iCar Asia Limited and its subsidiaries (the Group) for the half-year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

Patrick Grove (Non-Executive Chairman)
Lucas Elliott (Non-Executive Director)
Mark Britt (Non-Executive Director)
Shaun Di Gregorio (Non-Executive Director)
Cameron McIntyre (Non-Executive Director) Appointed 30 April 2013
Nick Geddes (Non-Executive Director) Resigned 5 June 2013

Principal Activities

The principal activity of the Group during the half year was the development and operation of internet based automotive portals in South East Asia.

Review and results of operations

Financial Performance

The first half of 2013 saw the Group realise \$551,158 in revenue (2012: Nil). The loss for the half year was \$2,776,046 (2012: \$180,740).

The main focus during the period was an ongoing drive to increase the number of quality listings on our websites. Total listings have grown from 150,248 in December 2012 to 326,666 for the Group in June 2013, a 117% increase in 6 months. Traffic to all Group websites has grown by 75% from 1.194 million unique visitors to 2.094 million in June 2013.

Strengthening the Balance Sheet

In April 2013 the Group completed a placement of 35,797,604 shares (19.9% of shares on issue at 30 June 2013) to Carsales.com Ltd at an issue price of \$0.375 per share raising \$13,424,102 before costs.

Dividends

The Company does not propose to pay a dividend for this reporting period.

Events subsequent to reporting date

There have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year financial report.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Patrick Grove', written over a horizontal line.

Patrick Grove
Chairman

Kuala Lumpur
28 August 2013

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Auditor's Independence Declaration to the Directors of iCar Asia Limited

In relation to our review of the financial report of iCar Asia Limited for the half-year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

D. R. McGregor
Partner
28 August 2013

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Directors' declaration

The Directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and giving a true and fair view of the financial position as at 30 June 2013 and performance of the consolidated entity for the half year ended on that date.

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

On behalf of the Directors



Patrick Grove
Chairman

Kuala Lumpur
28 August 2013

**Consolidated statement of comprehensive income
for the half-year ended 30 June 2013**

	Note	Consolidated	
		Half-year ended	
		30 Jun 2013	30 Jun 2012
		\$	\$
Revenue from services		551,158	-
Administration expenses		(123,696)	(155,192)
Advertising and marketing expenses		(410,932)	-
Employment expenses		(2,472,882)	(25,548)
Premises and infrastructure expenses		(219,916)	-
Offline production expenses		(118,101)	-
Other expenses		(30,974)	-
Loss before interest, tax, depreciation and amortisation (EBITDA)		(2,825,343)	(180,740)
Depreciation and amortisation		(88,683)	-
Loss before interest and tax (EBIT)		(2,914,026)	(180,740)
Interest income		178,452	-
Interest expense		(40,472)	-
Loss before tax (EBT)		(2,776,046)	(180,740)
Income tax benefit (expense)		-	-
Loss for the period		(2,776,046)	(180,740)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		433,120	-
Total comprehensive loss for the period		(2,342,926)	(180,740)
Loss attributable to:			
Owners of the parent		(2,776,046)	(180,740)
Total comprehensive loss attributable to:			
Owners of the parent		(2,342,926)	(180,740)
Earnings per share			
Basic (cents per share)		(1.80)	(9,037,000)
Diluted (cents per share)		(1.80)	(9,037,000)

Notes to the consolidated financial statements are included on pages 9 – 13.

**Consolidated statement of financial position
as at 30 June 2013**

	Note	Consolidated	
		30 Jun 2013	31 Dec 2012
		\$	\$
Current assets			
Cash and cash equivalents	5	16,009,575	6,273,043
Trade and other receivables		511,972	238,388
Other assets		293,721	156,274
Current tax assets		121,630	-
Total current assets		16,936,898	6,667,705
Non-current assets			
Property, plant and equipment		489,308	245,276
Intangibles	4	2,370,578	1,847,109
Goodwill	4	4,687,997	2,600,000
Total non-current assets		7,547,883	4,692,385
Total assets		24,484,781	11,360,090
Current liabilities			
Trade and other payables	4	1,274,233	1,988,029
Provisions		630,633	337,950
Total current liabilities		1,904,866	2,325,979
Non-current liabilities			
Long term loan		539,635	653,381
Other payables		1,318,254	-
Total non-current liabilities		1,857,889	653,381
Total liabilities		3,762,755	2,979,360
Net assets		20,722,026	8,380,730
Equity			
Issued capital		35,738,145	21,053,923
Reserves		(10,483,455)	(10,916,575)
Accumulated losses		(4,532,664)	(1,756,618)
Total equity		20,722,026	8,380,730

Notes to the consolidated financial statements are included on pages 9 – 13.

**Consolidated statement of changes in equity
for the half-year ended 30 June 2013**

	Ordinary share capital	Foreign currency translation reserve	Treasury share reserve	Equity reserve	Equity- settled employee benefits reserve	Accumulat ed losses	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 10 April 2012	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(180,740)	(180,740)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(180,740)	(180,740)
Transactions with owners in their capacity as owners							
Shares issued during the period	2	-	-	-	-	-	2
Transaction costs relating to shares issued	-	-	-	-	-	-	-
Recognition of share based expense	-	-	-	-	-	-	2
Balance at 30 June 2012	2	-	-	-	-	(180,740)	(180,738)
Balance at 1 January 2013	21,053,923	(51,283)	-	(10,965,292)	100,000	(1,756,618)	8,380,730
Profit/(loss) for the period	-	-	-	-	-	(2,776,046)	(2,776,046)
Other comprehensive income for the period	-	433,120	-	-	-	-	433,120
Total comprehensive income for the period	21,053,923	381,837	-	(10,965,292)	100,000	(4,532,664)	6,037,804
Transactions with owners in their capacity as owners							
40,481,886 shares issued during the period	14,665,237	-	-	-	-	-	14,665,237
Transaction costs relating to shares issued	18,985	-	-	-	-	-	18,985
Recognition of share based expense	-	-	-	-	-	-	-
Balance at 30 June 2013	35,738,145	381,837	-	(10,965,292)	100,000	(4,532,664)	20,722,026

Notes to the consolidated financial statements are included on pages 9 – 13.

**Consolidated statement of cash flows
for the half-year ended 30 June 2013**

	Note	Consolidated	
		Half-year ended	
		30 Jun 2013	30 Jun 2012
		\$	\$
Cash flows from operating activities			
Receipts from customers		343,985	-
Payments to suppliers		(917,199)	-
Payment to employees		(2,002,979)	-
Interest received		148,693	-
Interest paid		(40,134)	-
Income tax (paid) / received		-	-
Net cash used in operating activities		(2,467,634)	-
Cash flows from investing activities			
Purchases of property, plant and equipment		(235,585)	-
Payments for acquisition of businesses		(187,500)	-
Payments for intangible assets		(278,201)	-
Deferred payment relating to prior period acquisitions		(708,000)	-
Net cash used in investing activities		(1,409,286)	-
Cash flows from financing activities			
Repayment of Debt		(167,224)	-
Proceeds from issue of shares		13,854,182	2
Payment for share issue costs		(73,506)	-
Net cash provided by financing activities		13,613,452	2
Net increase in cash and cash equivalents		9,736,532	2
Cash and cash equivalents at the beginning of the period		6,273,043	-
Cash and cash equivalents at the end of the period	5	16,009,575	2

Notes to the consolidated financial statements are included on pages 9 – 13.

Notes to the condensed consolidated financial statements

1. General Information

The interim condensed consolidated financial statements for the six months ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 28 August 2013.

iCar Asia Ltd (the company) is a public company listed on the ASX and incorporated in Australia. The principal activities of the company and its subsidiaries (the Group) are described within the Directors' report.

2. Significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. All amounts are presented in Australian dollars, unless otherwise noted.

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, financial position and financing and investing activities 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 2012 and considered together with any public announcements made by iCar Asia Ltd during the six months ended 30 June 2013 in accordance with the continuous disclosure obligations of the ASX listing rules. The comparative period for the report is from the date of incorporation of iCar Asia Ltd 10 April 2012 until 30 June 2012.

Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) reflects the net profit for the year prior to including the effect of interest, income taxes, depreciation and amortisation. Depreciation and amortisation are calculated in accordance with AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets and interest is calculated in accordance with AASB 139 Financial Instruments: Recognition and Measurement respectively.

Management uses EBITDA and earnings before interest and income tax expense (EBIT), in combination with other financial measures, primarily to evaluate the company's operating performance before financing costs, income tax and non cash capital related expenses. Additionally we believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key measure of operating performance.

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 2012 annual financial report for the financial year ended 31 December 2012, 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.

There have been no changes in accounting policy. A number of new accounting standards became applicable with effect from 1 January 2013, however none of these standards had any material impact on the financial statements of the Group. These standards are AASB 10 – *Consolidated Financial Statements*, AASB 11 – *Join Arrangements* and AASB 12 – *Disclosure of Interests in Other Entities*. In addition, the Group has not elected to adopt early any new standards or amendments that are issued but not yet effective.

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 more specifically focused on geographical locations across the region. The group operates only in one business segment which is the automotive advertising segment. The Group's reportable segments under AASB 8 are therefore as follows:

- Malaysia
- Indonesia
- Thailand
- Corporate and head office

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	Revenue		Segment result	
	Half-year ended			
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	\$	\$	\$	\$
Malaysia	385,774	-	(1,260,872)	-
Indonesia	10,469	-	(505,284)	-
Thailand	154,915	-	(173,787)	-
Corporate and head office	-	-	(836,103)	(180,740)
Total in consolidated statement of comprehensive income	551,158	-	(2,776,046)	(180,740)

All revenue is generated from external customers. The Group does not have a major customer. No single customer contributes 10% or more of the Groups revenue for either period.

The following is an analysis of the Group's assets by reportable operating segment:	30 Jun 2013	31 Dec 2012
	\$	\$
Malaysia	3,750,076	1,503,978
Indonesia	3,412,297	711,258
Thailand	1,427,078	831,009
Corporate and head office	15,895,330	8,313,845
Total segment assets	24,484,781	11,360,090

4. Significant balances

Trade and Other payables	Jun 2013 \$	Dec 2012 \$
Trade payables and accruals	489,733	273,301
Billings in advance	47,000	83,613
Accrued acquisition costs	737,500	1,631,115
	1,274,233	1,988,029

Intangibles Summary

Evo Malaysia License	680,754	640,000
Autospinn.com website	699,762	785,117
Mobil123.com website	430,408	400,000
Thaicar.com website	422,015	-
Software	96,779	-
Other	40,860	21,992
	2,370,578	1,847,109

Websites and Domain names are considered to have indefinite lives and as such are assessed for impairment on an annual basis. Indefinite life intangibles are allocated to the cash-generating units for which they relate. No impairment was considered necessary. Software is amortised over 3 - 5 years. Licenses are amortised over 7 – 10 years.

Goodwill Summary

PT Mobil Satu Asia (Indonesia)	2,797,654	2,600,000
DQBP Sdn Bhd	1,890,343	-
	4,687,997	2,600,000

The Group performed its annual impairment test at 30 June 2013. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2013, the market capitalisation of the group was above the book value of its equity and therefore not an indicator of impairment.

The recoverable amount of the cash-generating units are determined based on a value in use calculation which uses cash flow projections based on the financial budgets approved by management for the 2013 financial year. The budget is then extrapolated for a further four years at projected growth rates for both revenue and costs which management consider are appropriate for the markets the CGU's operate, to which a discount rate is applied. Given the sensitivity of growth rates for both revenue and expenses due to the stage of where Group and the markets for which the Group operates are at, a range of possible scenarios are modelled to assess the carrying value of goodwill for impairment.

Management have determined the appropriate terminal value growth rate and discount rate applied based on the risk free rate plus a risk margin appropriate for the market the CGU operates in. This is as follows:

	Discount Rate	Terminal Growth Rate
Malaysia	13.5%	5%
Thailand	15.0%	5%
Indonesia	15.5%	5%

Other scenarios have been modelled at possible higher discount rates and none of these scenarios indicate impairment. Similarly a range of terminal value growths rates (from 2.5% - 8% depending on the market) have been used in these calculations, with none of these inputs indicating impairment in any CGU.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregated carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Management annually reviews the carrying amount of goodwill and intangible assets to determine whether there is any indication that goodwill or intangible assets have been impaired. The discount cash flow method of measurement was used to estimate the recoverable amount of those assets. The recoverable amount using the stated method of calculation was greater than the carrying value of the stated assets and accordingly there was no impairment. For details of acquisitions from business combinations refer to note 8.

5. Cash and cash equivalents

	Jun 2013 \$	Dec 2012 \$
Cash at bank and on hand	929,989	1,773,043
Short term deposits	15,079,586	4,500,000
	16,009,575	6,273,043

6. Dividends

No dividends have been paid, declared or recommended for payment.

7. Contributed equity

During the half-year reporting period, the Company issued 40,481,886 ordinary shares. 35,797,604 were issued in exchange for \$13,424,102 in cash to carsales.com limited, 1,536,000 were issued to executives for \$430,080 in cash and the remaining 3,148,282 were issued to vendors, management and directors as share based payments with a total value of \$811,055 attributed to equity.

8. Acquisition of subsidiaries

On 7 January 2013, the Group entered into an agreement to acquire 100% of DQBP Sdn Bhd owner of the website and magazine Live Life Drive and the deal completed 14 February 2013. The total potential purchase consideration was MYR 6.5 million (AUD 2.05 million) being MYR 3 million in cash and MYR 3.5 million in iCar Asia Ltd shares. MYR 1.7 million (AUD 0.5 million) was paid on completion and 4.8 million (AUD 1.5 million) will be paid based on certain performance targets and warranty periods being met.

The directors consider it is unlikely that the final performance target milestone of MYR 1 million (AUD 0.3 million) will be achieved and paid. The accounting for this acquisition has not been finalised and the MYR 5.5 million (AUD 1.7 million) estimated consideration has been provisionally accounted for as Goodwill. Goodwill is attributed to revenue growth and increased customer engagement. The revaluation of goodwill for changes in foreign exchange rates between acquisition date and period end increased provisional goodwill from \$1,737,812 to \$1,890,343.

DQBP Sdn Bhd is the operator of the website www.livelifedrive.com and the magazine Live Life Drive.

Purchase Consideration

Cash	189,580
1,196,816 shares on completion	347,562
Cash to be paid 18 months after completion	284,369
Shares to be issued 18 months after completion based on the VWAP of the shares at that time	284,369
Cash to be issued based on meeting certain website traffic performance criteria	315,966
Shares to be issued based on meeting certain website traffic performance criteria based on the VWAP of the shares at that time	315,966
Total consideration	1,737,812

*There is another potential performance payment payable on achievement of a further milestone based on achieving very optimistic organic traffic targets. The board does not consider it prudent to provide for this as part of its estimate of the total purchase consideration.

Allocation of the Purchase Consideration

Non Current Assets

Goodwill	1,737,812
Net Assets	1,737,812

9. Disposal of assets

There were no disposals during the period.

10. Contingent claims and liabilities

Various claims arise in the ordinary course of business against iCar Asia Limited and its subsidiaries. There has been no significant change in status of claims at 30 June 2013 and the directors believe that any resulting liability would not materially affect the financial position of the Group.

11. Subsequent events

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.

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Independent review report to members of iCar Asia Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iCar Asia Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the 30 June 2013 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2013 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 iCar Asia Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

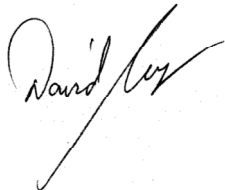
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 iCar Asia Limited 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 2013 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*.

Ernst & Young



D. R. McGregor
Partner
Melbourne, Australia
28 August 2013

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Corporate Directory

iCar Asia Limited

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ASX Listing Code: ICQ

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Mark Britt
Shaun Di Gregorio
Cameron McIntyre

Group CEO

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Rod Brandenburg
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