

iCar Asia Limited
ACN 157 710 846
Appendix 4D
HALF YEAR REPORT

“Results for announcement to the Market.”

Information for the half year ended 30 June 2014 given to ASX under listing rule 4.2A

Key iCar Asia Limited information

Six months ended	Jun-14 \$000	Jun-13 \$000	Change
Revenues from ordinary operations	1,100	551	100%
Loss from ordinary activities after tax attributable to members	(6,040)	(2,776)	(118%)
Loss after tax attributable to members	(6,040)	(2,776)	(118%)
	<u>Cents</u>	<u>Cents</u>	
Loss per Share (basic & diluted)	(3.19)	(1.80)	(77%)
NTA per Share	6.40	7.60	(16%)

Dividends

iCarAsia Limited does not propose to pay a dividend for this reporting period.

This report is based on the attached half year financial report which has been subject to a review by the Company's external auditor. The financial statements are not subject to any audit dispute or qualifications.

For and on behalf of the Board

Patrick Grove
Chairman
27th August 2014



iCar Asia Limited

ACN 157 710 846

Financial Report

for the half year ended 30 June 2014

Contents	Page
Directors' report	1
Auditor's independence declaration	3
Directors' declaration	4
Condensed consolidated statement of comprehensive income	5
Condensed consolidated statement of financial position	6
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows	8
Notes to the condensed consolidated financial statements	9
Independent auditor's review report	13
Corporate Directory	15

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 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

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)

Principal Activities

The principal activities of the Group during the half year were the development and operation of internet based automotive portals and the advertising, publication and distribution of automotive magazines in South East Asia.

Review and results of finance and operations

Financial Performance

The first half of 2014 saw the Group realise \$1,100,148 in revenue (2013: \$551,158). The loss for the half year was \$6,040,653 (2013: \$2,776,046).

Expenses increased in the first half of 2014 to \$7,077,079 (2013: \$3,376,501) in line with the company strategy of winning market share in listings, audience and leads in Malaysia, Indonesia and Thailand by the end of 2014. The investment was in three key areas: employment (both head count and capability), market leading product / technology and marketing & advertising.

Operating Performance

Our operating performance displayed strong growth as we continued to extend iCar Asia's market-leading positions. As at June 2014, our listings increased from 326,548 to 474,442, growth of 45% over the corresponding period. Audience increased from 2,093,520 unique visitors to 3,918,166, an increase in car buyers to all sites of 87% in the same period. This translated into tremendous growth in lead volumes delivered to sellers growing from 162,485 to 612,756, a 277% increase.

One of the biggest priorities for the business was successfully launching the RMS (Response Management System) allowing car dealers to manage their listings and leads via their mobile phone, a market first. The product was successfully launched at the start of June with in excess of 1,300 Dealers using the system and providing very positive feedback.

We also began to monetise Dealers in Malaysia, 12 months ahead of management expectations and this resulted in more than 1,300 Dealers paying for a Feature Listing during the month of June with 26,000 car listings 'bumped'.

Strengthening the Balance Sheet

In March 2014 and June 2014 the Group completed a placement of 7,179,240 shares and 215,000 shares (additional 3.0% of shares on issue at 30 June 2014) to carsales.com Ltd at an issue price of \$1.00 and \$0.6544 per share raising \$7,179,240 and \$140,698 before costs respectively.

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.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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

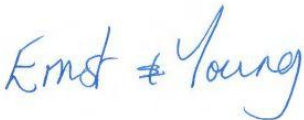
A handwritten signature in black ink, appearing to be 'Patrick Grove', written over a horizontal line.

Patrick Grove
Chairman

Kuala Lumpur
27 August 2014

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 2014, 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
27 August 2014

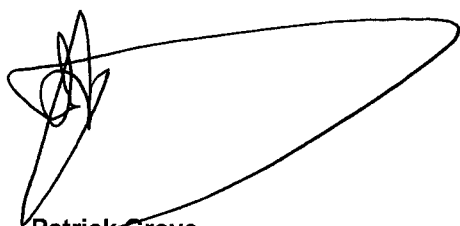
Directors' declaration

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 2014 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

A handwritten signature in black ink, consisting of a stylized, elongated shape with a loop at the top left and a long, sweeping tail extending to the right.

Patrick Grove
Chairman

Kuala Lumpur
27 August 2014

**Condensed consolidated statement of comprehensive income
for the half-year ended 30 June 2014**

	Consolidated	
	Half-year ended	
	30 Jun 2014	30 Jun 2013
	\$	\$
Revenue	1,100,148	551,158
Expenses		
Administration and related expenses	(515,467)	(154,670)
Advertising and marketing expenses	(2,540,452)	(410,932)
Employment related expenses	(3,528,115)	(2,472,882)
Premises and infrastructure expenses	(353,868)	(219,916)
Offline production expenses	(139,177)	(118,101)
Loss before interest, tax, depreciation and amortisation (EBITDA)	(5,976,931)	(2,825,343)
Depreciation and amortisation expense	(183,376)	(88,683)
Loss before interest and tax (EBIT)	(6,160,307)	(2,914,026)
Interest income	227,179	178,452
Interest expense	(28,775)	(40,472)
Loss before tax	(5,961,903)	(2,776,046)
Income tax (expense)/benefit	(78,750)	-
Loss for the period	(6,040,653)	(2,776,046)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(296,198)	433,120
Other comprehensive income for the period, net of tax	(296,198)	433,120
Total comprehensive loss for the period	(6,336,851)	(2,342,926)
	Cents	Cents
Basic earnings per share	(3.19)	(1.80)
Diluted earnings per share	(3.19)	(1.80)

**Condensed consolidated statement of financial position
as at 30 June 2014**

	Note	Consolidated	
		30 Jun 2014	31 Dec 2013
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	14,653,782	12,481,630
Trade and other receivables		426,543	523,652
Other		643,217	650,754
Total current assets		15,723,542	13,656,036
Non-current assets			
Property, plant and equipment		734,395	667,954
Intangibles	5	2,099,834	1,972,027
Goodwill	5	4,540,347	4,701,600
Total non-current assets		7,374,576	7,341,581
Total assets		23,098,118	20,997,617
Liabilities			
Current liabilities			
Trade and other payables	5	1,490,820	893,533
Provisions		859,008	629,825
Total current liabilities		2,349,828	1,523,358
Non-current liabilities			
Payables		1,269,565	1,301,232
Borrowings		495,917	530,013
Total non-current liabilities		1,765,482	1,831,245
Total liabilities		4,115,310	3,354,603
Net assets		18,982,808	17,643,014
Equity			
Issued capital		44,773,296	36,854,151
Reserves		(11,091,439)	(10,552,741)
Accumulated losses		(14,699,049)	(8,658,396)
Total equity		18,982,808	17,643,014

Notes to the consolidated financial statements are included on pages 9 – 12.

**Condensed consolidated statement of changes in equity
for the half-year ended 30 June 2014**

	Issued capital	Foreign currency translation reserve	Equity	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	36,854,151	(238,149)	(10,965,292)	650,700	(8,658,396)	17,643,014
Loss after income tax expense for the period	-	-	-	-	(6,040,653)	(6,040,653)
Other comprehensive income for the period, net of tax	-	(296,198)	-	-	-	(296,198)
Total comprehensive income for the period	-	(296,198)	-	-	(6,040,653)	(6,336,851)
<i>Transactions with owners in their capacity as owners</i>						
8,335,133 shares issued during the period	7,935,668	-	-	(550,700)	-	7,384,968
Transaction costs	(16,523)	-	-	-	-	(16,523)
Share based payments	-	-	-	308,200	-	308,200
Balance at 30 June 2014	44,773,296	(534,347)	(10,965,292)	408,200	(14,699,049)	18,982,808
Balance at 1 January 2013	21,053,923	(51,283)	(10,965,292)	100,000	(1,756,618)	8,380,730
Loss after income tax expense for the period	-	-	-	-	(2,776,046)	(2,776,046)
Other comprehensive income for the period, net of tax	-	433,120	-	-	-	433,120
Total comprehensive income for the period	-	433,120	-	-	(2,776,046)	(2,342,926)
<i>Transactions with owners in their capacity as owners</i>						
40,481,886 shares issued during the period	14,665,237	-	-	-	-	14,665,237
Transaction costs	18,985	-	-	-	-	18,985
Share based payments	-	-	-	-	-	-
Balance at 30 June 2013	35,738,145	381,837	(10,965,292)	100,000	(4,532,664)	20,722,026

**Condensed consolidated statement of cash flows
for the half-year ended 30 June 2014**

Note	Consolidated	
	Half-year ended	
	30 Jun 2014	30 Jun 2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,157,063	343,985
Payments to suppliers and employees	(6,026,463)	(2,920,178)
	(4,869,400)	(2,576,193)
Interest received	312,909	148,693
Interest paid	(90,100)	(40,134)
	(4,646,591)	(2,467,634)
Cash flows from investing activities		
Payments for property, plant and equipment	(226,730)	(235,585)
Payments for intangibles	(257,942)	(278,201)
Payments for purchase of subsidiary, net of cash acquired	-	(895,500)
	(484,672)	(1,409,286)
Cash flows from financing activities		
Proceeds from issue of shares	7,319,938	13,854,182
Share issue transaction costs	(16,523)	(73,506)
Repayment of borrowings	-	(167,224)
	7,303,415	13,613,452
Net increase in cash and cash equivalents	2,172,152	9,736,532
Cash and cash equivalents at the beginning of the period	12,481,630	6,273,043
Cash and cash equivalents at the end of the period	14,653,782	16,009,575

Notes to the consolidated financial statements are included on pages 9 – 12.

Notes to the condensed consolidated financial statements

1. General Information

The interim condensed consolidated financial statements for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 27 August 2014.

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 2013 and considered together with any public announcements made by iCar Asia Ltd during the six months ended 30 June 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

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 2013 annual financial report for the financial year ended 31 December 2013, 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.

There have been amendments to AASB 136 *Impairment of Assets* in relation to the recoverable amount disclosures for non-financial assets. These amendments require disclosure of the recoverable amounts for the assets or CGUs if an impairment loss has been recognised. These changes take effect for annual periods beginning on, or after, 1 January 2014. To the extent applicable, these changes have been considered. Similarly there have been disclosure changes to AASB124 *Related Party Disclosures*, which will be reflected in the financial statements for the year ending 31 December 2014.

The disclosure changes to AASB 7 *Financial Instruments: Disclosures* take effect for the current period and do not impact the Group as there are no netting arrangements impacting on the presentation and disclosure of financial assets and liabilities. Similarly there are changes to AASB 139 *Financial Instruments: Recognition & Measurement* relating to the novation of derivatives and continuation of hedge accounting. These changes apply to the Group from 1 January 2015 but are not expected to have any impact given that no hedging activities are undertaken.

A number of other new accounting standards become applicable with effect from 1 January 2014, however none of these standards had any material impact on the financial statements of the Group. 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

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 14	30 Jun 13	30 Jun 14	30 Jun 13
	\$	\$	\$	\$
Malaysia	825,570	385,774	(1,478,324)	(1,260,872)
Indonesia	27,802	10,469	(1,119,606)	(505,284)
Thailand	246,776	154,915	(1,004,101)	(173,787)
Corporate	-	-	(2,438,622)	(836,103)
Total in condensed consolidated statement of comprehensive income	1,100,148	551,158	(6,040,653)	(2,776,046)

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 14	31 Dec 13
	\$	\$
Malaysia	3,603,406	3,900,025
Indonesia	3,078,545	3,083,307
Thailand	1,281,085	1,531,800
Corporate	15,135,082	12,482,485
Total segment assets	23,098,118	20,997,617

4. Cash and cash equivalents

	30 Jun 14	31 Dec 13
	\$	\$
Cash at bank and on hand	1,322,038	315,596
Short term deposits	13,331,744	12,166,034
	14,653,782	12,481,630

5. Significant balances

	30 Jun 14	31 Dec 13
	\$	\$
Trade and Other payables		
Trade payables and accruals	1,423,369	756,705
Billings in advance	67,451	136,828
	1,490,820	893,533
Intangibles Summary		
Evo License (Malaysia)	591,775	663,636
Autospinn.com website (Thailand)	562,295	625,029
Mobil123.com website (Indonesia)	301,398	329,723
Software & Others	644,366	353,639
	2,099,834	1,972,027

Domain names and websites are amortised over 10 years. Indefinite life intangibles are allocated to the cash generating units for which they relate. Software is amortised over 3-5 years.

Goodwill Summary

Indonesian cash generating unit	2,304,804	2,380,784
Malaysian cash generating unit	1,836,589	1,901,989
Thailand cash generating unit	398,954	418,827
	4,540,347	4,701,600

6. Business Combinations

Livelifedrive.com

On 7 January 2013, the consolidated entity entered into an agreement to acquire 100% of DQBP Sdn Bhd, owner of the website and magazine "Live Life Drive", and the deal was completed on 8 March 2013. The total potential consideration was MYR 6.5 million being MYR 3 million in cash and MYR 3.5 million is shares. The directors consider that MYR 1 million performance based consideration is unlikely to be achieved and paid. Out of the balance of MYR 5.5 million, (approximately AUD 1.8 million), MYR 1.7 million, (approximately AUD 0.5 million), was paid in cash and shares on completion and MYR 3.8 million, (approximately AUD 1.3 million) is payable subject to meeting certain performance targets and warranty periods.

The accounting for this acquisition has been finalised and the MYR 5.5 million (AUD 1.8 million) estimated consideration has been accounted for as goodwill. Goodwill is attributable to revenue growth and increased customer engagement. As at the balance sheet date, goodwill had been revalued for changes in foreign exchange rates. Refer to note 5 Significant balances for further information.

The acquisition of livelifedrive.com, the fastest growing automotive site in Malaysia, enabled iCar Asia to access content and vehicle specification data in Malaysia to grow both new car and used car markets, plus in depth market information to further increase leads as the number 1 digital automotive market place in Malaysia.

Thaicar.com

On 4 February 2013, the consolidated entity entered into an agreement to acquire 100% of Thaicar.com and the deal was completed on 8 March 2013. The total consideration was \$400,000, 100% payable on completion of the sale and purchase agreement, comprised of \$200,000 in cash and \$200,000 in iCar Asia shares.

The accounting for this acquisition has been finalised and the consideration of \$400,000 has been accounted for as goodwill. As at the balance sheet date, the goodwill has been revalued for changes in foreign exchange rates. Refer to note 5 Significant balances for further information.

The acquisition of Thailand's number 2 automotive classified sites was a critical step to enter the automotive classified market in Thailand. Coupled with iCar Asia's leading automotive content site, autospinn.com, it places iCar as the leading digital automotive market place in Thailand.

7. Dividends

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

8. Contributed equity

During the half-year reporting period, the Company issued 8,335,133 ordinary shares. 7,394,240 were issued in exchange for \$7,319,938 in cash to carsales.com limited, 543,553 were issued to executives as share based payments with a value of \$355,707 attributed to equity and the remaining 397,340 were issued to directors as share based payments with a value of \$260,023 attributed to equity.

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 2014 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.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iCar Asia Limited, which comprises the condensed statement of financial position as at 30 June 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 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*. The directors are also responsible for such internal controls that 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 2014 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.

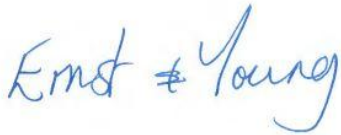
Independence

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 2014 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
27 August 2014

Corporate Directory

iCar Asia Limited

ACN 157 710 846
ASX Listing Code: ICQ

Website:

www.icarasia.com

Directors:

Patrick Grove (Chairman)
Lucas Elliott
Mark Britt
Shaun Di Gregorio
Cameron McIntyre

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Group CFO

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Company Secretary

Nick Geddes
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