iCar Asia Limited and Controlled Entities

ACN 157 710 846

Annual Report for the financial year ended 31 December 2016

Annual Report Year Ended 31 December 2016

ICAR ASIA LIMITED (ICQ) / ACN 157 710 846

The Directors present their report, together with the consolidated financial statements, of iCar Asia Limited and Controlled Entities (referred to hereafter as the 'Group') for the year ended 31 December 2016.

Directors

The following persons were Directors of the Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

Patrick Grove (Non-executive Chairman)
Lucas Elliott (Non-executive Director)
Mark Britt (Independent, non-executive Director)
Shaun Di Gregorio (Non-executive Director) resigned 29 June 2016
Syed Khalil Ibrahim (Independent, non-executive Director) appointed 29 June 2016
Georg Chmiel (Independent, non-executive Director) appointed 2 November 2016
Cameron McIntyre (Non-executive Director) resigned 9 December 2016
Ajay Bhatia (Non-executive Director) resigned 9 December 2016
Mark Licciardo (Independent, non-executive Director) appointed 9 December 2016
Christopher Lobb (Independent, non-executive Director) appointed 9 December 2016

Information on directors

Name:	Patrick Grove
Title:	Non-independent, non-executive Director and Chairman
Qualifications:	Bachelor of Commerce degree with a major in Accounting and Finance from the University of Sydney.
Experience and expertise:	Board member and Chairman since June 2012. Mr Grove is a co-founder of the Group. Mr Grove's experience and expertise includes mergers and acquisitions and the extraction of investment value in high growth, media and technology environments. Mr Grove has built a number of significant media and internet businesses across Asia and has taken five businesses from start-up to initial public offering. He has been recognised with numerous international awards, including Global Leader of Tomorrow by the World Economic Forum (2001), New Asian Leader by the World Economic Forum (2003), Entrepreneur of the Year by the Australian Chamber of Commerce (2004), Business Week Asia's Top Entrepreneur under 40 (2008), one of Asia's Best young Entrepreneurs by Bloomberg Businessweek (2008), and Top 50 Global Achiever (2013) by Australia Unlimited. Mr Grove holds a Bachelor of Commerce degree with majors in Accounting and Finance from the University of Sydney. Mr Grove is the Chief Executive Officer, Chairman and major shareholder of Catcha Group, one of South East Asia's most dynamic investment groups. Mr Grove is also a Director of Rev Asia Berhad, a Malaysia-listed company.
Other current directorships:	Rev Asia Berhad
Former directorships (in the last 3 years):	iProperty Group Limited, Ensogo Limited None
Special responsibilities:	None
Interests in shares:	86,676,645
Interests in options:	None

Name:	Lucas Elliott
Title:	Non-independent, non-executive Director
Qualifications:	Bachelor of Commerce degree with a major in Finance from the University of Sydney.
Experience and expertise:	Board member since April 2012. Mr Elliott is a co-founder of the Group. He has over 17 years of Asian online experience, with a focus on developing fast moving online business models and monetising online assets. Mr Elliott is also a co-founder of Catcha Group, where he is responsible for all aspects of Catcha Group's corporate finance activities, including mergers and acquisitions, capital raisings and public listings. Mr Elliott has a Bachelor of Commerce degree with a major in Finance from the University of Sydney. Mr Elliott is a Director of Ensogo Limited and Rev Asia Berhad, a Malaysia-listed company.
Other current directorships:	Ensogo Limited, Rev Asia Berhad
Former directorships (in the last 3 years):	iProperty Group Limited
Special responsibilities:	Member of the Remuneration & Nomination Committee and member of the Audit & Risk Committee
Interests in shares:	86,676,645
Interests in options:	None

Name:	Mark Britt
Title:	Independent, non-executive Director
Qualifications:	Diploma in Law from LPAB
Experience and expertise:	Board member since July 2012. Mr Britt is the Chief Executive Officer and co-founder to iflix, an Asian provider of on-demand internet streaming entertainment. Prior to this Mr Britt was the Chief Executive Officer of the Mi9 group of companies which include businesses across Australia and New Zealand such as ninemsn, The Daily Mail Australia, Bing, Outlook.com and MSN NZ. Mr Britt has significant executive and commercial experience in the online, advertising and consumer technology fields in Australia, Europe and the Asia Pacific. Prior to joining Mi9, Mr Britt spent four years with Microsoft, based in Singapore as General Manager for Consumer and Online. Mr Britt was also previously the Director of Corporate Strategy and Chief Financial Officer of ninemsn, and has worked at Pricewaterhouse Coopers, NASDAQ-listed ISP, People PC and Vizzavi in the United Kingdom.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Remuneration & Nomination Committee and member of the Audit & Risk Committee
Interests in shares:	660,293
Interests in options:	None

Name:	Shaun Di Gregorio
Title:	Non-independent, non-executive Director
Qualifications:	Master in Business Administration from the Australian Graduate School of Management (University of New South Wales) and is a member of the Australian Institute of Company Directors.
Experience and expertise:	Board member since July 2012. Mr Di Gregorio has worked in online classifieds for nearly 15 years. He is currently the CEO and founder of Frontier Digital Ventures, a company that specialises in investing in and operating online classifieds businesses in frontier markets across the globe. Until May of 2014 he was the Chief Executive Officer of iProperty and prior to joining iProperty, Mr Di Gregorio spent almost 8 years with the ASX-listed REA Group Limited, in which time he was General Manager of Australian Business, and then as General Manager of the REA Group Limited's international businesses.
Other current directorships:	Frontier Digital Ventures Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	Until resignation on 29 June 2016: Chairman of the Remuneration & Nomination Committee and member of the Audit & Risk Committee
Interests in shares:	None
Interests in options:	None

Name:	Syed Khalil Ibrahim
Title:	Independent, non-executive Director
Qualifications:	Bachelor of Commerce Majoring in Finance and Bachelor of Engineering Majoring in Mechanical Engineering (First Class Honours)
Experience and expertise:	Khalil has extensive experience in the Automotive industry and is currently the Managing Director and controlling shareholder of SISMA Auto (a dealer group representing Jaguar Land Rover in Malaysia). He also is also a Director in Jaguar Land Rover (Malaysia), the sole importer and distributor for Jaguar Land Rover in Malaysia. Prior to that, Khalil worked with the Boston Consulting Group at their Sydney and New York offices.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	From 14 December 2016: member of the Remuneration & Nomination Committee and member of the Audit & Risk Committee
Interests in shares:	1,562,500
Interests in options:	None

Name:	Georg Chmiel
Title:	Independent, non-executive Director
Qualifications:	Diplom-Informatiker, MBA (INSEAD), CPA (USA), FAICD
Experience and expertise:	Mr Chmiel brings over 23 years of experience in the financial services industry, online media and real estate industry. Mr Chmiel is currently Chief Financial Officer of iFlix Group. Previously he was Managing Director and CEO of iProperty Group, the owner of Asia's No. 1 network of property portal sites and related real estate services. He played a key role in finalizing the sale of iProperty Group to REA Group, Southeast Asia's largest ever internet buyout. Prior to iProperty Group, Mr Chmiel was Managing Director and CEO of LJ Hooker Group with 700 offices across nine countries providing residential and commercial real estate as well as financial services.
Other current directorships:	Mitula Group, Centrepoint Alliance
Former directorships (in the last 3 years):	iProperty Group Limited, LJ Hooker Group
Special responsibilities:	From 14 December 2016: Chairman of the Remuneration & Nomination Committee and Chairman of the Audit & Risk Committee
Interests in shares:	50,000
Interests in options:	None

Name:	Cameron McIntyre
Title:	Non-independent, non-executive Director
Qualifications:	Bachelor of Economics from La Trobe University, Certified Practising Accountant (CPA), Graduate of Harvard Business School General Management Program
Experience and expertise:	Board member since April 2013. Mr McIntyre has been the Chief Operating Officer and the Chief Financial Officer of carsales.com Limited since 2007 and was previously the Finance Director at Sensis. He has over 22 years of finance and administration experience. Cameron brings a wealth of knowledge and insight into operating leading automotive portals as well as assisting the Group in leveraging its strategic partnership with carsales.com and the talent and resources that come with it.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Until resignation on 9 December 2016: Member of the Remuneration & Nomination Committee and Chairman of the Audit & Risk Committee
Interests in shares:	None
Interests in options:	None

Name:	Ajay Bhatia
Title:	Non-independent, non-executive Director
Qualifications:	Bachelor of Engineering (Telecommunications) from University of Technology, Sydney, Masters of Management from University of Technology, Sydney
Experience and expertise:	Board member since November 2014. Mr Bhatia is currently the Chief Product & Information Officer of carsales.com Limited. He started at Carsales in 2008. Prior to Carsales, Mr Bhatia was Product & Technology Director at Fairfax Digital. During his tenure at FD, he held commercial and leadership positions including GM of Country Cars, Product Director of Classifieds (Domain, Drive & MyCareer) and Product Technology Director of Drive. During his tenure at Drive.com.au, Ajay was also responsible for championing display revenue for the automotive brand. In 2015 Ajay was awarded the Australian CIO of the year by the prestigious CEO magazine. Mr Bhatia brings valuable insights to the Group board by leveraging his experience in Technology and in the running of Online classified businesses.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	From 29 June 2016 until resignation on 9 December 2016: Member of the Remuneration & Nomination Committee and Chairman of the Audit & Risk Committee
Interests in shares:	None
Interests in options:	None

Name:	Mark Licciardo
Title:	Independent, non-executive Director
Qualifications:	B Bus(Acc), GradDip CSP, FGIA, FAIC
Experience and expertise:	Board member since December 2016. Founder and managing director of Mertons Corporate Services. A former company secretary of Top 50 ASX listed companies Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial. Mark is also the former Chairman of the Governance Institute of Australia Victoria Division and Melbourne Fringe Festival.
Other current directorships:	Ensogo Limited, Frontier Digital Ventures Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	Company secretary
Interests in shares:	None
Interests in options:	None

Name:	Christopher Lobb
Title:	Independent, non-executive Director
Qualifications:	FGIA, CPA, MAIC
Experience and expertise:	Board member since December 2016. Chartered Secretary for over 20 years. First held the role with Gandel Group of companies, and entity with interest in property (listed and un-listed), investment and funds management. He continued as a Company Secretary with Colonial First State, MSF Sugar Limited and GSG Limited in both listed and non listed environments. He was a member of the National Board of Chartered Secretaries Australia (now Governance Institute of Australia) including serving as Chairman of the Vistorian Division. He was also a non-executive director of Box Hill Institute of TAFE from 2005 to 2010.
Other current directorships:	Ensogo Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Company Secretary

Mark Licciardo was appointed as the Group's company secretary effective 1 January 2016. His experience is outlined under 'Information on directors'.

Belinda Cleminson was appointed as the Group's joint company secretary effective 9 December 2016.

Belinda Cleminson BEd, GIA (Cert) has over 14 years' experience as an Assistant Company Secretary of Australian listed companies including ASX 200 clients. Belinda previously managed the Company Secretarial team for Australian Company Secretaries representing a domestic and global client base. Prior to this Belinda held roles within the legal and banking industry.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Principal activities

The principal activities of the Group during the financial year were the development and operation of internet based automotive portals in South East Asia.

Operating and Financial Review

2016 was a challenging year for the Group with difficult economic conditions that saw new car sales decline year on year in Malaysia and Thailand and low levels of growth in Indonesia. Despite this, the digital transformation of the automotive industry further increased with consumer behaviour shifting to online channels for the buying and selling of cars. As a result, revenue grew year on year by 6% to $6,663,394 (2015: $6,277,576).

Other adverse factors were depreciation in revenue-generating currencies vs the Australian Dollar and the passing of His Majesty the Late King Bhumibol of Thailand - which significantly lowered Thai business activity in the last quarter of the year. On a FOREX-neutral basis Group revenue grew 10% year on year.

During the year the Group expanded its sales and technology teams leading to an increase in costs. Responding to competitive pressure, the Group increased its level of marketing investment in the second half of the year. As a result expenses showed an increase of 15% to $20,476,139 (2015: $17,732,887).

EBITDA loss was $13,812,745 (2015: loss of $11,455,311) and NPAT was a loss of $14,999,485 (2015: loss of $12,537,199).

The company finished the year with cash, cash equivalents and investments of $27,077,808.

Group operating metrics and performance:

In 2016 the Group focussed on increasing marketplace vibrancy through improvements to the user experience and greater marketing efficiencies, delivering more value to customers. The year finished on a strong note with fantastic growth in core metrics through its market-leading technology and strong brand presence:

- Listings: at December 2016 iCar Asia had 428,431 listings across its markets - growth of 18% from December 2015 (2015: 364,567).
- Audience: the Group had 8,257,919 unique visitors in December 2016, 30% more than December in the prior year (2015: 6,367,484).
- Leads: December 2016 saw 725,024 leads delivered to vehicle sellers, 27% more than the same time in 2015 (2015: 570,066)

iCar Asia remains the leading digital automotive classified portal in all of its markets.

Malaysia operating metrics and performance:

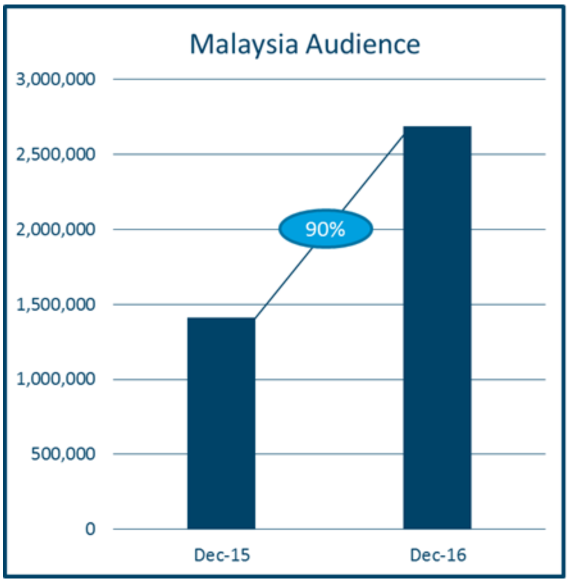
The Malaysian business delivered strong operational metrics growth despite economic and currency headwinds. Key results for December 2016 were:

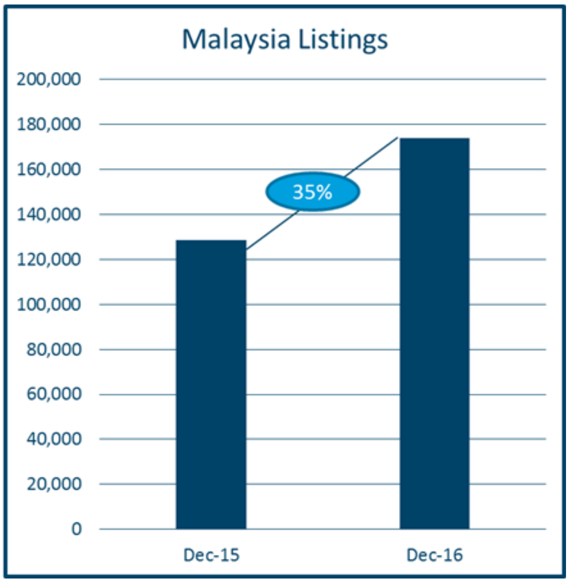
- Listings: on Carlist.my were 35% higher year on year at 173,862 (2015: 128,685) with the successful execution of the strategy to grow listings in regional areas and second tier dealerships.
- Audience: growth was 90% year on year to 2,684,859 monthly unique visitors (2015: 1,412,426) across the carlist.my and livelifedrive.com properties. There was a strong growth in unpaid traffic with the increase in App usage and improvements in digital marketing spend efficiency.
- Leads: grew 14% year on year to 183,932 (2015: 161,485).

The volume of car dealers that pay for services rose in December 2016 by 26% year on year to 2,163 (2015: 1,711) as a result of the strong operational performance.

2016 saw a number of product developments with the release of new seller 'depth' products (Hot Deals, the Boss and Online Billboard) and new private seller products (Private Seller Listing Flow, Easysell and Quicksell).

Revenues were largely flat at $3,535,081 (2015: $3,635,615) (2% growth on a FOREX-neutral basis). There was good momentum at the end of the year with a 22% lift in revenues Q3 to Q4 2016. Losses at EBITDA widened to $2,126,449 (2015: $1,542,549) with increased investment in front-line sales teams and marketing.





Thailand operating metrics and performance:

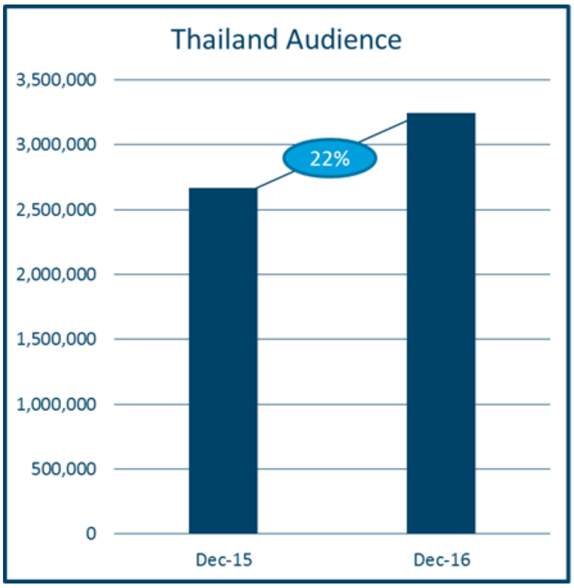
The passing of the King of Thailand impacted revenues in the last quarter of 2016 with advertising spend largely suspended nationwide through October and November. New car sales reduced year on year which impacted revenue growth. Despite these factors there was again strong growth in operational metrics:

- Listings: on one2car.com were 11% higher year on year at 38,400 (2015: 34,608). The adoption of digital channels continue to increase as car dealers looked to the internet to gain business efficiencies in a difficult economic period.
- Audience: growth was 22% year on year to 3,243,613 monthly unique visitors (2015: 2,668,658) across the one2car.com and autospinn.com properties. There was a strong growth in app usage and paid spend improvements in efficiency.
- Leads: grew 17% year on year to 258,233 (2015: 220,582) with the increased traffic coming to the one2car.com site.

With the strong site performance, car seller confidence has also risen. 63,236 'bumps' (where sellers pay to raise the positioning of a listing in a search result) were purchased in December 2016, a rise of 109% year on year (2015: 30,392).

2016 saw a number of product developments with the release of the new 'Hot Deals' depth product (a premium placement for discounted vehicles) and with both private seller and new cars now being taken as listings. There were a number of partnerships made with Finance and Insurance companies which will grow into the 2017 Financial Year.

Revenues increased 10% year on year to $2,740,728 (2015: $2,488,412) (a 12% increase on a FOREX-neutral basis and an 18% increase when an estimate of the impact of the passing of the King of Thailand is also included). Revenue grew 22% from Q3 to Q4 2016 as the business gathered strong momentum. Losses at EBITDA widened to $1,669,977 (2015: $864,476) with increased investment in front-line sales teams and marketing.



Indonesia operating metrics and performance:

The Indonesian business had an excellent year. The classified site, mobil123.com began meaningfully monetising on a 'freemium' model. December 2016 saw car dealers pay to bump 27,465 cars (2015: 6,435). iCar Asia also built and launched its own automotive content site: otospirit.com specifically for the Indonesian market in May 2016.

Operational metrics were also strong, with the December 2016 metrics showing healthy growth:

- Listings: on mobil123.com were up 7% year on year to 216,169 (2015: 201,274) as more car sellers were added across Greater Jakarta, Bandung and Surabaya.
- Audience: growth was 2% year on year to 2,329,447 monthly unique visitors (2015: 2,286,400) across the mobil123.com and otospirit.com properties. There was a focus on traffic quality as conversion improved year on year, leading to large improvements in lead volumes.
- Leads: grew 50% year on year to 282,859 (2015: 187,999) with the increased traffic conversion.

The number of dealers paying in month to promote their listings jumped 44% in December 2016 compared to the prior year.

2016 saw a landmark with the release of the new Dealer Application with listings upload features that are tailored to low-bandwidth internet connections. The simultaneous launch of the updated Consumer Application saw the introduction of messaging across the mobil123.com site. This will greatly increase the volume of leads from buyers and sellers into the 2017 Financial Year.

Revenues increased 152% year on year to $387,585 (2015: $153,549). Classified revenues lifted 52% from Q3 to Q4 2016 setting up a strong 2017 year. Losses at EBITDA widened to $3,835,250 (2015: $3,349,414) with increased investment in front-line sales teams and marketing.

Significant changes in the state of affairs

On 7 September 2016 iCar Asia Limited issued 54,687,500 shares in connection with an institutional placement at an issue price of $0.32 per share. Gross proceeds were $17,500,000. Following shareholder approval, on 10 November 2016 iCar Asia Limited issued a further 17,187,500 shares in connection with the institutional placement at an issue price of $0.32 per share. Gross proceeds were $5,500,000. After raising costs, the total net amount raised by the placement was $22,208,808. There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the reporting date

There have not been any transactions or events of a material and unusual nature between 31 December 2016 and the date of this report, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group in future years.

Likely developments and expected results of operations

2016 closed with the Group having a clear leading digital automotive classified position on core metrics in the three largest automotive markets in ASEAN. All three countries have high penetration and engagement in iCar's market-leading Response Management System and are fully monetised.

The first quarter of 2017 will see a number of major classified product launches. The Dealer and updated Consumer Applications will be rolled out to Malaysia and Thailand. This will deliver messaging and set the local businesses up for strong growth in leads. There will also be changes to the New Car product in all markets which will generate more revenues for the Group.

The first quarter 2017 will also see the launch of the first major Group TV advertising across all markets which will be part of fully integrated marketing strategy tailored to each market. This will drive brand awareness, audience and leads in the lead up to the key local automotive buying periods in each geography.

Growth in marketplace vibrancy will be coordinated with developments in pricing and vehicle seller products which will translate into strong revenue growth in 2017.

In the Media segment, there are new technologies being introduce internally to make it easier for advertisers to connect to premium segmented audiences on iCar Asia sites. These initiatives combined with partnerships with Finance and Insurance third parties will drive revenue growth in the 2017 Financial Year.

The Group is well-funded to enable it to deliver on its strategic goal of successfully connecting buyers and sellers on the largest and most trusted automotive portals in ASEAN.

Environmental regulation

The Group takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the Group has no legal obligation to take corrective action in respect of any environmental matter. The Group's operations are not subject to significant environmental regulations.

Indemnity and insurance of officers

The Group has indemnified all current and previous Directors of the Group, the Company Secretary and certain members of senior management against all liabilities or loss (other than to the Group or a related body corporate) that may arise from their position as officers of the Group, except where the liabilities arise out of conduct involving a lack of good faith or where indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the Group.

The Group has executed deeds of indemnity with each of the non-executive Directors.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of iCar Asia Limited against legal costs incurred in defending proceedings for conduct other than:

(a) A wilful breach of duty

(b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*

The Group's insurer prohibits the disclosure of premiums paid.

Indemnity of auditors

To the extent permitted by law, the Group 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.

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 31 December 2016, and the number of meetings attended by each Director were:

	Full Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Patrick Grove	12	13	-	-	-	-
Lucas Elliott	11	13	3	4	-	1
Mark Britt	11	13	2	4	1	1
Shaun Di Gregorio	6	6	2	2	1	1
Syed Khalil Ibrahim	7	7	-	-	-	-
Georg Chmiel	2	2	-	-	-	-
Cameron McIntyre	10	12	4	4	1	1
Ajay Bhatia	12	12	-	-	-	-
Mark Licciardo	1	1	-	-	-	-
Christopher Lobb	1	1	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Auditor independence and non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Ernst & Young

There are no officers of the company who are former audit partners of Ernst & Young.

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 on page 24.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Remuneration Report (audited)

The remuneration report, which has been audited in accordance with section 300A of the *Corporations Act 2001*, outlines the key management personnel remuneration arrangements for the Group.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The membership, responsibilities, authority and activities of the Remuneration & Nomination Committee are set out in the Remuneration & Nomination Committee Charter, which has been approved by the Board.

The responsibilities of the Remuneration & Nomination Committee are to:

- Monitor, review and recommend to the Board, as necessary and appropriate:

➢ the remuneration, superannuation and incentive policies and arrangements for the Chief Executive Officer and key management personnel (i.e. those executives who report directly to the Chief Executive Officer);
➢ the remuneration arrangements for Non-executive Directors on the Board;
➢ the recruitment, retention and termination policies and procedures for the Chief Executive Officer and key management personnel; and
➢ key appointments and executive succession planning.

- Oversee the Group's general remuneration strategy;

- Review the composition of the Board including:

➢ the criteria for selection of directors, having regard to the need for the breadth and depth of skills and experience on the Board; and
➢ the process for selecting new Directors.

- Monitor the Group culture and reputation and review behavioural standards on a regular basis, and report and submit recommendations to the Board.

The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration.

Remuneration Report (audited) (continued)

Advisers

External specialist remuneration advice is sought on an as-needs basis in respect of remuneration arrangements for non-executive Directors of the Board and key management personnel of the Group. General reward advice is sought on an ad hoc basis. No external advisors were used during the current or prior years.

Reward policy

The Group has an established policy for determining the nature and amount of emoluments of Board Members and key management personnel of the Group to align remuneration with the creation of shareholder value. The remuneration structure for the key management personnel seeks to emphasise payment for results.

Reward philosophy

The Company's overall philosophy is to manage remuneration to:

- Create an environment that will attract top talent, and where people can be motivated with energy and passion to deliver superior performance;
- Recognise capabilities and promote opportunities for career and professional development;
- Provide rewards, benefits and conditions that are competitive within the markets in which the Group operates; and
- Provide fair and consistent rewards across the Group, which support corporate principles.

In accordance with the ASXCGPR, the structure of non-executive Directors and key management personnel remuneration is separate and distinct.

The Group has a policy of ensuring that part of the remuneration of key management personnel is directly linked to the performance of the Group. Key management personnel are therefore compensated with fixed remuneration and 'at risk' remuneration based on the key performance measures of the Group.

Non-executive directors remuneration

The fees paid to non-executive Directors on the Board take into consideration the level of fees paid to Board members of other Australian corporations, the size and complexity of the Group's operations, the activities of the Group and the responsibilities and workload requirements of Board members.

Fees are established from time to time for the Chairman and non-executive Directors. The appointment letters for the non-executive Directors set out the terms and conditions of their appointments. These terms and conditions are in conjunction with, and subject to, the Company's Constitution and the charters and policies approved by the Board from time to time. Each non-executive Director receives a fee for being a Director of the Company. These fees are either paid by the issue of iCar Asia Limited shares or in cash. The number of shares is determined by the VWAP over the period.

There were no share options granted to Directors during or since the end of the financial period.

Executive remuneration

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Group and:

- Reward key management personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Remuneration Report (audited) (continued)

The remuneration for key management personnel and staff will include an annual review using a formal performance appraisal process. The Remuneration & Nomination Committee recommends to the Board the level of fixed remuneration each year based on the performance of individuals.

The remuneration structure is in two parts:

- Fixed remuneration; and
- Variable remuneration

<u>Fixed remuneration</u>
The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market. Fixed remuneration comprises of payroll salary and other benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards other benefits.

<u>Variable Remuneration</u>
Comprises of a short-term incentive plan and a long-term incentive plan.

Short term incentive plan (STI)

Short-term incentives are used to reward staff based on performance on a year by year basis. Rewards are made to participating key employees depending on the extent to which specific targets set at the beginning of the period are met. The targets relate to the earnings of the company and achievement of other KPIs aligned to the individual's specific business function. The percentage and threshold level can differ for each individual and are reviewed each year. Payments are made in the form of cash and shares as determined at the discretion of the Nomination & Remuneration Committee. Shares are issued at the VWAP for the year. Benefits are pro-rated where employees join during an STI year. It is intended that key employees of the Group will be eligible to participate in the STI program. During the year all new and some existing participating key employees were migrated from the STI plan onto a new LTI scheme. See below under 'Long term incentive plan' and under Section C Service agreements.

Long term incentive plan (LTI)

The Group has established long term incentive plans (referred to hereafter as 'Plans'). The Plans are part of the Group's remuneration strategy and are designed to align the interests of management and shareholders and assist the Group in the attraction, motivation and retention of executives. In particular, the Plans are designed to provide relevant executives with an incentive for future performance and encouraging those executives to remain with the Group. LTI payments are made to participating key employees depending on the extent to which specific targets set at the beginning of the plan are met. The targets relate to the earnings of the company, achievement of other KPIs aligned to the individual's specific business function and staff remaining in employment. During the year all new and some existing participating key employees were migrated onto a new LTI Plan. The details of LTI terms can be found under Section C Service agreements.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

The company received in excess of 98.29% of 'for' votes in relation to its remuneration report for the year ended 31 December 2015. The company did not receive any specific comments at the AGM in regard to its remuneration practices and report.

Remuneration Report (audited) (continued)

B Details of remuneration

The table below outlines the key management personnel of the Group and their movements during full year 2016:

Name	Position	Term as KMP
Non-executive Directors		
Patrick Grove	Non-executive Chairman	Full financial year
Lucas Elliott	Non-executive Director	Full financial year
Mark Britt	Independent, non-executive Director	Full financial year
Shaun Di Gregorio	Non-executive Director	Resigned 29 June 2016
Syed Khalil Ibrahim	Independent, non-executive Director	Appointed 29 June 2016
Georg Chmiel	Independent, non-executive Director	Appointed 2 November 2016
Cameron McIntyre	Non-executive Director	Resigned 9 December 2016
Ajay Bhatia	Non-executive Director	Resigned 9 December 2016
Mark Licciardo	Independent, non-executive Director	Appointed 9 December 2016
Christopher Lobb	Independent, non-executive Director	Appointed 9 December 2016
Senior Executives		
Hamish Stone	Group Chief Executive Officer	Appointed 20 June 2016
Damon Rielly	Group Chief Executive Officer	Resigned 30 June 2016
Joe Dische	Group Chief Financial Officer	Full financial year
Joey Caisse	Group Chief Business Development Officer	Full financial year
Pedro Sttau	Group Chief Information Officer	Full financial year

Remuneration Report (audited) (continued)

Details of the remuneration arrangements of the key management personnel for the Group are set out in the following tables.

2016	**Short-term benefits**		**Share-based payments**		**Total**	**Performance Related**
Name	**Cash salary and fees**	**Other**	**LTI Shares & Units**	**Remuneration/ STI Shares & Units[1]**		**%**
	$	**$**	**$**	**$**	**$**	
Non-executive Directors:						
P Grove[2]	-	-	-	60,000	60,000	0%
L Elliott[2]	-	-	-	48,000	48,000	0%
M Britt	-	-	-	48,000	48,000	0%
S Di Gregorio[3]	-	-	-	24,000	24,000	0%
S Khalil Ibrahim[4]	-	-	-	24,000	24,000	0%
G Chmiel[5]	-	-	-	8,000	8,000	0%
C McIntyre[6]	-	-	-	44,000	44,000	0%
A Bhatia[6]	-	-	-	44,000	44,000	0%
M Licciardo[7]	1,489	-	-	-	1,489	0%
C Lobb[7]	1,489	-	-	-	1,489	0%
Other Key Management Personnel:						
H Stone[8]	241,621	35,559	86,333	-	363,513	24%
D Rielly[9]	170,000	99,575	25,343	96,798	391,716	31%
J Dische	250,000	101,996	74,255	150,000	576,251	39%
J Caisse	230,000	129,286	53,132	92,000	504,418	29%
P Sttau	220,000	51,199	109,880	-	381,079	29%
	1,114,599	**417,615**	**348,943**	**638,798**	**2,519,955**	

[1] Shares to be issued to directors in lieu of fees are to be ratified at the upcoming annual general meeting
[2] Shares allocated to the Director will be issued to Catcha Group Pte Ltd
[3] Resigned 29 June 2016
[4] Appointed 29 June 2016
[5] Appointed 1 November 2016
[6] Shares allocated to the Director will be issued to carsales.com Limited. Resigned 9 December 2016.
[7] Appointed 9 December 2016
[8] Appointed 20 June 2016
[9] Resigned 30 June 2016

There were no non- monetary, termination benefits, long term benefits (except LTI) or post-employment/superannuation benefits in the current or prior year, hence the categories have been excluded from the tables above and below.

No material contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the year, other than those transactions detailed in related parties note to the financial statements.

Remuneration Report (audited) (continued)

2015	Short-term benefits		Share-based payments		Total	Performance Related
Name	**Cash salary and fees**	**Other**	**LTI Shares & Units**	**Remuneration/ STI Shares & Units[1]**		**%**
	$	$	$	$	$	
Non-executive Directors:						
P Grove[2]	-	-	-	60,000	60,000	0%
L Elliott[2]	-	-	-	48,000	48,000	0%
S Di Gregorio	-	-	-	48,000	48,000	0%
M Britt	-	-	-	48,000	48,000	0%
C McIntyre[3]	-	-	-	48,000	48,000	0%
A Bhatia[3]	-	-	-	48,000	48,000	0%
Other Key Management Personnel:						
D Rielly	290,000	129,233	30,199	296,000	745,432	44%
J Dische	250,000	58,347	33,555	99,996	441,898	30%
J Caisse	230,000	98,107	80,127	92,000	500,234	34%
	770,000	**285,687**	**143,881**	**787,996**	**1,987,564**	

[1] Shares to be issued to directors in lieu of fees were ratified at the annual general meeting
[2] Shares allocated to the Director were issued to Catcha Group Pte Ltd
[3] Shares allocated to the Director were issued to carsales.com Limited

Shareholdings of KMP[1]
Shares held in iCar Asia Limited

31 December 2016	Balance at the beginning of the period 1 January 2016	Granted as remuneration	Net change Other[2]	Balance at the end of the period 31 December 2016
Non-Executive Directors:				
P Grove[3,4]	70,926,948	124,697	15,625,000	86,676,645
L Elliott[3,4]	70,926,948	124,697	15,625,000	86,676,645
M Britt	604,872	55,421	-	660,293
S Di Gregorio	821,538	55,421	(876,959)	-
S Khalil Ibrahim	-	-	1,562,500	1,562,500
G Chmiel	-	-	50,000	50,000
C McIntyre[5]	-	55,421	(55,421)	-
A Bhatia[5]	-	55,421	(55,421)	-
M Licciardo	-	-	-	-
C Lobb	-	-	-	-
Other Key Management Personnel:				
H Stone	-	-	312,500	312,500
D Rielly	1,657,676	426,079	(1,734,082)	349,673
J Dische	64,939	128,449	62,500	255,888
J Caisse	535,746	177,342	(300,000)	413,088
P Sttau	-	86,595	-	86,595

Remuneration Report (audited) (continued)

[1] Includes shares held directly, indirectly and beneficially by KMP.
[2] All equity transactions with KMP other than those arising from remuneration by the Group have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.
[3] P Grove and L Elliott have a relevant interest in securities held by Rev Asia Berhad and Catcha Group Pte Ltd totalling 86,676,645.
[4] Shares allocated to the Director were issued to Catcha Group Pte Ltd.
[5] Shares allocated to the Director were issued to carsales.com Limited under Net change Other category

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Performance targets for key management personnel are based 80% upon overall company performance in: revenue, EBITDA and site vibrancy metrics (audience, accounts, leads and listings) and 20% on individual strategic goals for the period.

Details of these agreements are as follows (please refer to Section A for further information on short-term and long-term incentives):

Name:	Mr Hamish Stone
Title:	Chief Executive Officer
Term of agreement:	Ends 19 June 2019. 6 months termination notice period by executive and company.
Details:	Base salary cost is AUD 370,000 per annum. Payment on commencement of employment of AUD 37,000. *Long term incentive* Up to AUD 370,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period. The shares are issued in 3 instalments: 3 months, 15 months and 27 months after the period, split as 40%, 30%, 30% respectively. *Other benefits:* Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 4,000 per month). Please see above for performance criteria.

Remuneration Report (audited) (continued)

Name:	Mr Damon Rielly
Title:	Chief Executive Officer
Term of agreement:	Extended from its original expiry from 31 December 2014 to 30 June 2016
Details:	Base salary cost is AUD 300,000 per annum from 1 July 2015 until 30 June 2016.

Payment on completion of extension of employment contract of AUD 20,000.

Short term incentive
1 July 2015 to 30 June 2016:
Up to AUD 300,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period.

Long term incentive
1 January 2013 to 31 December 2014:
Up to AUD 50,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period and issued 2 years and 3 months after the annual period.

Other benefits:
Housing allowance of MYR 15,000 per month (equivalent to approximately AUD 5,000 per month).
School fee allowance on average MYR 50,332 per child per annum (equivalent to approximately AUD 16,777 per annum).

Please see above for performance criteria.

Name:	Mr Joe Dische
Title:	Chief Financial Officer
Term of agreement:	6 months termination notice period by executive and company.
Details:	Base salary cost is AUD 250,000 per annum.

Short term incentive
Up to AUD 150,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period.

Long term incentive
Up to AUD 50,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period and issued 2 years and 3 months after the period.

Additional incentive
1,000,000 shares in iCar Asia Limited if the Group's EBITDA is positive in 2 consecutive quarters prior to the end of calendar 2019 (Group EBITDA positive has been defined as EBITDA being in total across the quarters greater than A$288,000 excluding the costs of the shares to be issued as part of the additional incentive). The last (2nd) quarter must demonstrate clear market leadership on Traffic, Listings and Leads.

Other benefits:
Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 4,000 per month).School fee allowance on average MYR 50,332 per child per annum (equivalent to approximately AUD 16,777 per annum).

Please see above for performance criteria.

Remuneration Report (audited) (continued)

Name:	Mr Joey Caisse
Title:	Chief Business Development Officer
Term of agreement:	Ends 31 January 2017
Details:	Base salary cost is AUD 230,000 per annum. *Short term incentive:* Up to AUD 92,000 per annum with payment to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period. *Long term incentive:* Up to AUD 69,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period and issued 2 years and 3 months after the period. *Other benefits:* Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 4,000 per month). School fee allowance on average MYR 50,332 per child per annum (equivalent to approximately AUD 16,777 per annum). Please see above for performance criteria.
Name:	Mr Pedro Sttau
Title:	Chief Information Office
Term of agreement:	6 months termination notice period by executive and company.
Details:	Base salary cost is AUD 230,000 per annum. *Long term incentive:* Up to AUD 184,000 per annum subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on the VWAP of the shares for the corresponding period. The shares are issued in 3 instalments: 3 months, 15 months and 27 months after the period, split as 33%, 33%, 33% respectively. *Additional incentive* 800,000 shares in iCar Asia Limited if the Group's EBITDA is positive in 2 consecutive quarters prior to the end of calendar 2019 (Group EBITDA positive has been defined as EBITDA being in total across the quarters greater than A$288,000 excluding the costs of the shares to be issued as part of the additional incentive). The last (2nd) quarter must demonstrate clear market leadership on Traffic, Listings and Leads. *Other benefits:* Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 4,000 per month). Please see above for performance criteria.

The Remuneration & Nomination Committee of the Board will recommend each year reasonable performance measures and targets for use in assessing each Executive's performance. After the end of each financial year, the Remuneration & Nomination Committee of the Board will review each Executive's performance in comparison to these measures and targets. Incentive targets (as a percentage of Total Executive Compensation ('TEC')) are to be determined annually by the Board, based on the recommendation of the Remuneration & Nomination Committee for the coming year. TEC is base remuneration inclusive of superannuation and benefits but excludes leave accrued not taken.

Remuneration Report (audited) (continued)

D Share-based compensation

Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2016 are set out below:

Name	Date	No of shares	$Fair Value
Damon Rielly[1]	4/3/2016	76,406	81,754
Joey Caisse[1]	4/3/2016	98,564	105,463
Joey Caisse[2]	4/3/2016	78,778	71,688
Joe Dische[2]	4/3/2016	128,449	116,889
Pedro Sttau[2]	4/3/2016	86,595	78,801
Patrick Grove[3]	17/6/2016	69,276	60,000
Lucas Elliott[3]	17/6/2016	55,421	48,000
Shaun Di Gregorio	17/6/2016	55,421	48,000
Mark Britt	17/6/2016	55,421	48,000
Cameron McIntyre[4]	17/6/2016	55,421	48,000
Ajay Bhatia[4]	17/6/2016	55,421	48,000
Damon Rielly[5]	30/8/2016	309,321	222,711
Damon Rielly[6]	30/8/2016	40,352	44,791

[1] Shares issued in lieu of 2013 LTI
[2] Shares issued in lieu of 2015 STI
[3] Shares allocated to the Director were issued to Catcha Media Pte Ltd
[4] Shares allocated to the Director were issued to carsales.com Limited
[5] Shares issued in lieu of STI for period 1 July 2015 to 30 June 2016
[6] Shares issued in lieu of 2014 LTI

Remuneration Report (audited) (continued)

	Financial Year	Category	Number of Shares granted up to 31 December 2016	Number of shares vested during 2016	Fair Value per share $	Fair value of shares $	Grant date	Vesting date	Issue date
Non-Executive Directors:									
P Grove	2015	Director Fees	69,276	69,276	0.8661	60,000	February 2016	February 2016	June 2016
L Elliott	2015	Director Fees	55,421	55,421	0.8661	48,000	February 2016	February 2016	June 2016
S Di Gregorio	2015	Director Fees	55,421	55,421	0.8661	48,000	February 2016	February 2016	June 2016
M Britt	2015	Director Fees	55,421	55,421	0.8661	48,000	February 2016	February 2016	June 2016
C McIntyre	2015	Director Fees	55,421	55,421	0.8661	48,000	February 2016	February 2016	June 2016
A Bhatia	2015	Director Fees	55,421	55,421	0.8661	48,000	February 2016	February 2016	June 2016
Other Key Management Personnel:									
D Rielly	2013	LTI	76,406	76,406	1.07	81,754	February 2014	February 2016	March 2016
	2014	LTI	40,352	40,352	1.11	44,791	February 2015	July 2016	August 2016
	2015 / 2016	STI[1]	309,321	309,321	0.72	222,711	February 2016	July 2016	August 2016
J Dische	2014	LTI	27,381	-	1.11	30,393	February 2015	February 2017	March 2017
	2015	LTI	81,140	-	0.91	73,837	February 2016	February 2018	March 2018
	2015	STI	128,449	128,449	0.91	116,889	February 2016	February 2016	March 2016
J Caisse	2013	LTI	98,564	98,564	1.07	105,463	February 2014	February 2016	March 2016
	2014	LTI	55,686	-	1.11	61,811	February 2015	February 2017	March 2017
	2015	LTI	48,597	-	0.91	44,223	February 2016	February 2018	March 2018
	2015	STI	78,778	78,778	0.91	71,688	February 2016	February 2016	March 2016
P Sttau	2015	LTI	49,451	-	0.91	47,281	February 2016	February 2018	March 2018
	2015	STI	86,595	86,595	0.91	78,801	February 2016	February 2016	March 2016

[1] Shares issued in lieu of STI for the period 1 July 2015 to 30 June 2016

Share based payments of $977,898 have been accrued in relation to 2016 in lieu of Directors Fees ($300,000) and STI / LTI ($677,898). The number of shares granted will be agreed at the meeting of the Nomination & Remuneration Committee in February 2017.

Remuneration Report (audited) (continued)

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2016.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2016.

E Additional Information

The Group has a policy of ensuring that at least part of the remuneration of key management personnel is based on the performance of the Company. Key management personnel are compensated with fixed remuneration and 'at risk' remuneration based on revenue and earnings targets.

The earnings of the Group for the two years to 31 December 2016 are summarised below:

	2016	2015
Revenue	6,663,394	6,277,576
Loss after income tax	(14,999,485)	(12,537,199)
STI bonus paid as a % of available	100%	100%

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2016	2015
Share price at financial year end ($A)	0.25	0.96
Basic loss per share (cents per share)	(5.59)	(5.43)
Diluted loss per share (cents per share)	(5.59)	(5.43)

There were no loans, other transactions and balances with KMP and their related parties during the year.

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the directors.

Patrick Grove
Chairman
22/2/2017
Kuala Lumpur

Building a better
working world

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

As lead auditor for the audit of iCar Asia Limited for the financial year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iCar Asia Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

David McGregor
Partner

22 February 2017

iCar Asia Limited and Controlled Entities
Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	Consolidated 2016 $	2015 $
Revenue	5	6,663,394	6,277,576
Expenses			
Administration and related expenses		(2,212,109)	(2,384,490)
Advertising and marketing expenses		(6,929,580)	(5,027,313)
Employment related expenses	6	(9,476,252)	(8,728,163)
Premises and infrastructure expenses		(1,669,106)	(1,281,243)
Offline production costs		(189,092)	(311,678)
Depreciation and amortisation expense	6	(1,319,429)	(1,387,198)
Operating loss		(15,132,174)	(12,842,509)
Interest income		393,164	347,915
Interest expense	6	(39,048)	(42,605)
Loss before tax		(14,778,058)	(12,537,199)
Income tax (expense)/benefit	7	(221,427)	-
Loss after income tax expense for the year attributable to the owners of iCar Asia Limited and Controlled Entities	18	(14,999,485)	(12,537,199)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(363,780)	(200,982)
Other comprehensive income for the year, net of tax		(363,780)	(200,982)
Total comprehensive income for the year attributable to the owners of iCar Asia Limited and Controlled Entities		(15,363,265)	(12,738,181)
Earnings Per Share		**Cents**	**Cents**
Basic loss per share	30	(5.59)	(5.43)
Diluted loss per share	30	(5.59)	(5.43)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

iCar Asia Limited and Controlled Entities
Statement of Financial Position
As at 31 December 2016

	Note	Consolidated 2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	8	22,077,808	18,509,382
Investments (term deposits)	8	5,000,000	-
Trade and other receivables	9	907,754	1,109,047
Other assets	10	1,434,924	1,228,804
Total current assets		**29,420,486**	**20,847,233**
Non-current assets			
Property, plant and equipment	11	636,780	480,800
Intangibles	12	7,248,063	6,567,687
Goodwill	12	17,367,939	17,192,743
Other non-current assets		26,270	25,384
Total non-current assets		**25,279,052**	**24,266,614**
Total assets		**54,699,538**	**45,113,847**
Liabilities			
Current liabilities			
Trade and other payables	13	3,350,320	2,176,186
Provisions	14	1,576,353	1,118,391
Borrowings	15	464,809	-
Total current liabilities		**5,391,482**	**3,294,577**
Non-current liabilities			
Borrowings	15	-	486,042
Total non-current liabilities		**-**	**486,042**
Total liabilities		**5,391,482**	**3,780,619**
Net assets		**49,308,056**	**41,333,228**
Equity			
Issued capital	16	112,553,083	89,328,100
Reserves	17	(10,350,017)	(10,099,347)
Accumulated losses	18	(52,895,010)	(37,895,525)
Total equity		**49,308,056**	**41,333,228**

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

iCar Asia Limited and Controlled Entities
Statement of Changes in Equity
For the year ended 31 December 2016

	Issued capital	Foreign currency translation reserve	Equity reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 January 2016	89,328,100	(212,199)	(10,965,292)	1,078,144	(37,895,525)	41,333,228
Loss after income tax expense for the period	-	-	-	-	(14,999,485)	(14,999,485)
Other comprehensive income for the period, net of tax	-	(363,780)	-	-	-	(363,780)
Total comprehensive income for the period	-	(363,780)	-	-	(14,999,485)	(15,363,265)
Transactions with owners in their capacity as owners						
73,039,846 shares issued during the period	24,022,098	-	-	(866,018)	-	23,156,080
Transaction costs (net of tax)	(797,115)	-	-	-	-	(797,115)
Share to be issued in lieu of directors' remuneration	-	-	-	300,000	-	300,000
Share to be issued in lieu of STI and LTI	-	-	-	679,128	-	679,128
Balance at 31 December 2016	**112,553,083**	**(575,979)**	**(10,965,292)**	**1,191,254**	**(52,895,010)**	**49,308,056**

	Issued capital	Foreign currency translation reserve	Equity reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 January 2015	70,188,628	(11,217)	(10,965,292)	909,295	(25,358,326)	34,763,088
Loss after income tax expense for the period	-	-	-	-	(12,537,199)	(12,537,199)
Other comprehensive income for the period, net of tax	-	(200,982)	-	-	-	(200,982)
Total comprehensive income for the period	-	(200,982)	-	-	(12,537,199)	(12,738,181)
Transactions with owners in their capacity as owners						
30,145,692 shares issued during the period	19,909,639	-	-	(627,027)	-	19,282,612
Transaction costs (net of tax)	(770,167)	-	-	-	-	(770,167)
Share to be issued in lieu of directors' remuneration	-	-	-	300,000	-	300,000
Share to be issued in lieu of STI and LTI	-	-	-	495,876	-	495,876
Balance at 31 December 2015	**89,328,100**	**(212,199)**	**(10,965,292)**	**1,078,144**	**(37,895,525)**	**41,333,228**

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

iCar Asia Limited and Controlled Entities
Statement of Cash Flows
For the year ended 31 December 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers		7,447,754	6,205,118
Payments to suppliers and employees		(20,381,341)	(18,991,874)
		(12,933,587)	(12,786,756)
Interest received		398,633	218,686
Interest paid		(40,659)	(42,291)
Net cash used in operating activities	29	(12,575,613)	(12,610,361)
Cash flows from investing activities			
Payments for property, plant and equipment		(455,085)	(213,640)
Payments for intangibles		(619,160)	(727,008)
Payments for purchase of subsidiaries, net of cash acquired		-	(1,329,894)
Net cash used in investing activities		(1,074,245)	(2,270,542)
Cash flows from financing activities			
Proceeds from issue of shares		23,000,000	18,793,328
Share issue transaction costs		(781,716)	(764,678)
Net cash provided by financing activities		22,218,284	18,028,650
Net (decrease)/ increase in cash and cash equivalents		8,568,426	3,147,747
Cash and cash equivalents at the beginning of the period		18,509,382	15,361,635
Cash, cash equivalents and investments at the end of the period	8	**27,077,808**	**18,509,382**

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

1. Corporate information

The consolidated financial statements of iCar Asia Limited and its subsidiaries (collectively, the 'Group') for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of Directors made on 22 February 2017. The Directors have the power to amend and reissue the financial report.

iCar Asia Limited is a for profit public company incorporated in Australia and is listed on the Australian Securities Exchange. The Group's principal place of business is Centerpoint North Tower, Mid Valley City Lingkaran Syed Putra, Kuala Lumpur, Malaysia.

The Group's principal activities during the year were the development and operation of internet based automotive portals in South East Asia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

All amounts are presented in Australian dollars and are rounded to the nearest dollar unless otherwise stated.

Clarification of terminology used in Annual Report:

Earnings/(Loss) before interest, income tax expense, depreciation and amortisation (EBITDA) reflects the loss for the period prior to including the effect of net finance costs, income taxes, depreciation, amortisation and impairment. Depreciation and amortisation are calculated in accordance with AASB 116: "Property, plant and equipment" and AASB 138: "Intangible Assets" respectively. Impairment is calculated in accordance with AASB 136: "Impairment of Assets". The Group believe that EBITDA is a relevant and useful financial measure used by management to measure the Group's ongoing operating performance.

2.2 Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3 Changes in accounting policies, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2016.The nature and the impact of each new standard and/or amendment is described below:

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations (continued)

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of these amendments had no material impact on the financial position or performance of the Group.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

The subjects of the principal amendments to the Standards are set out below:

AASB 5 Non-current Assets Held for Sale and Discontinued Operations:
Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

AASB 7 Financial Instruments: Disclosures:
Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.

Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:
Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:
Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

The adoption of these amendments had no material impact on the financial position or performance of the Group.

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations (continued)

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

The adoption of these amendments had no material impact on the financial position or performance of the Group.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
Application date of Standard: 1 July 2015, Application Date: 1 January 2016

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of these amendments had no material impact on the financial position or performance of the Group.

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2016 are outlined below:

2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
Application Date of Standard: 1 January 2017, Application Date: 1 January 2017

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

The Group does not expect this standard will have significant impact on the Group financial report however it will continue to assess this.

2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
Application Date of Standard: 1 January 2017, Application Date: 1 January 2017

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group does not expect this standard will have significant impact on the Group financial report however it will continue to assess this.

2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment
Application Date of Standard: 1 January 2018, Application Date: 1 January 2018

This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The Group does not expect this standard will have significant impact on the Group financial report however it will continue to assess this.

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations

AASB 9 Financial Instruments
Application Date of Standard: 1 January 2018, Application Date: 1 January 2018

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

Financial assets

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.
Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss
-

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations

(ii) Accounting Standards and Interpretations issued but not yet effective (continued)

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.
Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.
AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

The Group is still assessing the impact of this standard.

AASB 15 Revenue from Contracts with Customers
Application Date of Standard 1 January 2018, Application Date: 1 January 2018

AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.

2. Summary of significant accounting policies

2.3 Changes in accounting policies, disclosures, standards and interpretations

(ii) Accounting Standards and Interpretations issued but not yet effective (continued)

The Group has made a preliminary assessment and although this standard will have an impact on the Group, we have not established a quantitative assessment of this impact. The impact is anticipated to be in relation to the accounting for the utilisation of prepaid credits that can be applied for services. The Group is continuing its analysis and assessing the impact of the standard on systems and processes. During the year the CFO has held discussions with technical experts at EY which has involved preliminary assessments of contract structure. Key members of the Group Finance team have attended training courses to imbed a wider understanding of local impacts of the new standard.

IFRS 16 Leases

Application Date of Standard: 1 January 2019, Application Date: 1 January 2019

The key features of IFRS 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Lessor accounting

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes:

(a) IAS 17 Leases;
(b) IFRIC 4 Determining whether an Arrangement contains a Lease;
(c) SIC-15 Operating Leases—Incentives; and
(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

The Group has made a preliminary assessment and does not expect this standard to have a significant impact on the Group financial report due to the Group not having any financing leases and minimal operating leases. However the Group will continue to assess the impacts of this standard.

2. Summary of significant accounting policies

2.4 Significant accounting policies

a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Group at 31 December 2016 and the results for the year then ended.

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

2. Summary of significant accounting policies

2.4 Significant accounting policies (continued)

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

c) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the Group is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

2. Summary of significant accounting policies

2.4 Significant accounting policies

c) Business combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the group, the difference is recognised as a gain directly in profit or loss by the group on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the Group.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

d) Foreign currency translation

The financial report is presented in Australian dollars, which is the functional currency of the parent entity and the presentation currency of the Group.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars, being the Group's presentation currency, at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

2. Summary of significant accounting policies

2.4 Significant accounting policies (continued)

e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services
Revenue is recognised where the contract outcome can be estimated reliably and control of the right to be compensated for their service and the stage of completion can be reliably measured. Advance billings are deferred and released in the appropriate period when the service is delivered. Prepayments are capitalised and released in the appropriate period when service is delivered.

Barter transactions
The group periodically enters into barter transactions and revenue is recognised based on the requirements of SIC 31.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

f) Taxes

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

2. Summary of significant accounting policies

2.4 Significant accounting policies

f) **Taxes (continued)**

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit and loss.

Other taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated using either straight line or diminishing value based on the assessed appropriateness of each method for each entity within the company. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	2-5 years
Office equipment	3-5 years
Furniture and fittings	3-5 years
Leased plant and equipment	3-5 years

The useful lives are unchanged from the prior reporting period.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

2. Summary of significant accounting policies

2.4 Significant accounting policies (continued)

h) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

i) Intangible assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Intangible assets acquired separately
Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

2. Summary of significant accounting policies

2.4 Significant accounting policies

i) Intangible assets (continued)

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Employee costs included in internally generated intangible assets are included in operating activities under payments to supplier and employees in the cash flow statement. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Acquired software
Software is not considered to have an indefinite life and is generally amortised over 3 - 5 years. If at any point the software is no longer in use or continuing to generate future economic benefits it will be written down to zero.

Intangible Assets with indefinite useful life
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

j) Impairment of non-financial assets

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units ('CGUs') to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired and these CGU's are not larger than an operating segment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. The Group bases its impairment calculations on detailed budget and forecast calculations which are prepared separately for each CGU covering a period of five years. The first year of the period becomes the Annual Budget for the Group for the following year. A further four years are extrapolated at projected growth rates for both revenue and costs which management consider are appropriate for the business cycle and the markets the CGUs operate in. The five year cashflows are discounted using a weighted average cost of capital ('WACC'). WACC calculations are made for each CGU based upon prevailing long-term bond rates and market risk premiums. CGU-specific terminal multiples ('TMs') are applied to discounted fifth year cashflows. The TM is derived from WACC rates and long-term growth rates ('LTGR') using Gordon's Growth Formula.

2. Summary of significant accounting policies

2.4 Significant accounting policies

j) Impairment of non-financial assets (continued)

Given the sensitivity of growth rates for both revenue and expenses due to stage of where the Group and the markets for which it operates are at, a range of possible scenarios are modelled to assess the carrying value of goodwill for impairment. These scenarios include: uplifts and downgrades of revenue assumptions and WACC and LTGR rates above and below those calculated.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

k) Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

l) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days for direct client billings and 90 days for agency billings.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income over the period of the borrowing using the effective interest rate method. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

2. Summary of significant accounting policies

2.4 Significant accounting policies (continued)

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

p) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

q) Employee benefits

Wages and salaries, annual leave and long service leave

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based payments

The Group measures the cost of equity settled transactions with employees and other parties based on the fair value of the equity provided at the grant date.

Where it is with employees in relation to performance payments in the future, the fair value is estimated based on an estimation of the probability of all performance criteria being met. This value is then used to discount the current value of the equity to determine an appropriate amount to be expensed each period until the vesting date. The estimate will have no impact on the carrying amount of the assets or liabilities of the company but may impact the value of expenses and equity in the current and future periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

2. Summary of significant accounting policies

2.4 Significant accounting policies

q) Employee benefits (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification
.
If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of iCar Asia Limited and Controlled Entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations

As discussed in note 2.4 c), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

4. Operating segments

Identification of reportable segments
The Group identifies the chief operating decision maker ('CODM') as the executive management team. Information reported to the executive management team for the purposes of resource allocation and assessment of performance is more specifically focused on the geographic location of services provided. The company operates in only one business segment which is the advertising segment.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The company's reportable segments are as follows: (No operating segments have been aggregated to form the reportable segments.)

Malaysia	Thailand
Indonesia	Corporate

4. Operating segments (continued)

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

Allocation of resources between segments
All assets are allocated to reportable segments except deferred tax assets as these are not recognised.
All liabilities are allocated to reportable segments except deferred tax liabilities.

Major customers
Revenue is generated from external customers. The Group does not have a major customer that contributes 10% or more to the Group's revenue.

Operating segment information

Consolidated - 2016	Malaysia $	Indonesia $	Thailand $	Corporate $	Intersegment eliminations/ unallocated $	Total $
Revenue						
Sales	3,535,081	387,585	2,740,728	-	-	6,663,394
Other revenue	-	-	-	-	-	-
Total sales revenue	3,535,081	387,585	2,740,728	-	-	6,663,394
Operating expenses	(5,661,530)	(4,222,835)	(4,410,705)	(6,181,069)	-	(20,476,139)
Loss before Interest, tax, depreciation and amortisation	(2,126,449)	(3,835,250)	(1,669,977)	(6,181,069)	-	(13,812,745)
Depreciation and amortisation	(125,858)	(32,755)	(369,590)	(791,226)	-	(1,319,429)
Interest income	3,790	-	518	388,856	-	393,164
Interest expense	(39,048)	-	-	-	-	(39,048)
Loss before income tax expense	(2,287,565)	(3,868,005)	(2,039,049)	(6,583,439)	-	(14,778,058)
Income tax expense	-	(128,630)	-	(92,797)	-	(221,427)
Loss after income tax expense						(14,999,485)
Assets						
Segment assets	3,568,364	958,212	20,527,286	29,645,676	-	54,699,538
Total assets						54,699,538
Liabilities						
Segment liabilities	1,890,646	1,351,578	1,141,427	1,007,831	-	5,391,482
Total liabilities						5,391,482

4. Operating segments (continued)

Consolidated - 2015	Malaysia $	Indonesia $	Thailand $	Corporate $	Intersegment eliminations/ unallocated $	Total $
Revenue						
Sales	3,635,615	152,462	2,446,695	-	-	6,234,772
Other revenue	-	1,087	41,717	-	-	42,804
Total sales revenue	3,635,615	153,549	2,488,412	-	-	6,277,576
Operating expenses	(5,178,164)	(3,502,963)	(3,352,888)	(5,698,872)	-	(17,732,887)
Loss before Interest, tax, depreciation and amortisation	(1,542,549)	(3,349,414)	(864,476)	(5,698,872)	-	(11,455,311)
Depreciation and amortisation	(543,766)	(7,642)	(339,959)	(495,831)	-	(1,387,198)
Interest income	2,164	-	684	345,067	-	347,915
Interest expense	(42,605)	-	-	-	-	(42,605)
Loss before income tax expense	(2,126,756)	(3,357,056)	(1,203,751)	(5,849,636)	-	(12,537,199)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense						(12,537,199)
Assets						
Segment assets	3,314,919	658,084	20,754,797	20,386,047	-	45,113,847
Total assets						45,113,847
Liabilities						
Segment liabilities	1,462,662	762,127	439,811	1,116,019	-	3,780,619
Total liabilities						3,780,619

5. Revenue

	Consolidated 2016 $	Consolidated 2015 $
Sales	6,663,394	6,234,772
Other revenue	-	42,804
Total sales revenue	6,663,394	6,277,576
Interest Revenue	393,164	347,915
	7,056,558	6,625,491

6. Expenses

	Consolidated	
	2016	2015
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	53,788	106,738
Plant and equipment	195,358	209,960
Fixtures and fittings	18,480	24,975
Total depreciation	267,626	341,673
Amortisation		
Websites, domain names, trademarks and other intangibles	1,051,803	1,045,525
Total depreciation, amortisation and impairment	1,319,429	1,387,198
Finance costs		
Interest and finance charges paid/payable	39,048	42,605
Employment and related expenses		
Salaries and wages	5,633,800	5,440,394
Super and pension related	776,148	529,733
Commissions	880,683	363,497
Other employment benefits	584,300	554,312
Share based payments - equity settled	1,023,202	874,806
Incentives/Bonus	578,119	965,421
Total employment and related expenses	9,476,252	8,728,163

There are currently 424 full-time equivalent employees (2015: 294).

7. Income tax expense

Income tax recognised in profit or loss

	Consolidated 2016 $	Consolidated 2015 $
Current tax		
Current tax expense/(benefit) in respect of the current year	106,669	-
Under/(Over) provision of prior year tax	114,758	-
	221,427	-
Deferred tax		
Deferred tax expense recognised in the current year	-	-
	-	-
Total income tax expense/(benefit) recognised in the current year	221,427	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2016 $	2015 $
Loss before tax from operations	(14,778,058)	(12,537,199)
Income tax expense calculated at 30% (2015: 30%)	(4,433,417)	(3,761,160)
Effect of different tax rates of subsidiaries operating in other jurisdictions	786,113	625,618
Temporary differences – accruals and provisions	65,240	(40,789)
Deductible costs relating to share issue expenses	(227,909)	(180,082)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	4,031,400	3,356,413
	221,427	-
Unrecognised deferred tax asset	14,739,290	10,479,978

The above potential tax benefit has not been recognised in the statement of financial position as in the opinion of the directors the recovery of this benefit is uncertain due to insufficient sources of taxable income to utilise the losses and/or future deductions. The tax losses are available for use indefinitely, subject to compliance with relevant tax rules, for offsetting against future taxable profits.

8. Current assets - cash, cash equivalents and investments

	Consolidated	
	2016	2015
	$	$
Cash at bank	4,485,188	1,524,244
Cash on deposit	17,592,620	16,985,138
Cash and cash equivalents	22,077,808	18,509,382
Investments	5,000,000	-
	27,077,808	18,509,382

Investments are term deposits which mature in September 2017.

9. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	$	$
Trade receivables	780,966	975,082
Accrued interest	126,788	133,965
	907,754	1,109,047

The average credit period on rendering of services is 30 days for direct client billings and 90 days for agency billings. The Group does not charge interest on trade receivables for amounts owing past due date neither does it hold collateral over these balances. A provision for doubtful debts has been provided for estimated irrecoverable trade receivables past credit period determined by reference to past default experience and the change in quality of trade receivables.

The carrying amounts of trade receivable are assumed to approximate their fair value due to their short term nature.

Impairment of receivables
The Group has recognised a loss of $60,389 (2015: $22,137) in profit or loss in respect of impairment of receivables for the year ended 31 December 2016.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $94,993 as at 31 December 2016 ($171,153 as at 31 December 2015).

The Group did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2016	2015
	$	$
0-30 days	56,054	120,420
31-60 days	24,943	41,292
61-90 days	13,996	9,441
90 plus days	-	-
	94,993	171,153

9. Current assets - trade and other receivables (continued)

Doubtful debts reconciliation	$
As at 1 January 2015	31,395
Charge for the year	22,137
Utilised	(31,395)
Unused amounts reversed	-
At 31 December 2015	22,137
Charge for the year	60,389
Utilised	(63,176)
Unused amounts reversed	-
At 31 December 2016	**19,350**

10. Current assets - other

	Consolidated	
	2016	**2015**
	$	**$**
Prepayments	477,406	432,044
Other deposits	185,908	267,422
Other receivables	771,610	529,338
	1,434,924	1,228,804

Other receivables relates to GST, VAT, withholding tax and other receivables.

11. Non-current assets - property, plant and equipment

	Consolidated	
	2016	**2015**
	$	**$**
Leasehold improvements - at cost	447,219	448,586
Less: Accumulated depreciation and impairment	(328,613)	(275,900)
	118,606	172,686
Plant and equipment - at cost	1,757,698	1,364,867
Less: Accumulated depreciation and impairment	(1,291,981)	(1,101,088)
	465,717	263,779
Furniture and fittings - at cost	198,599	171,648
Less: Accumulated depreciation and impairment	(146,142)	(127,313)
	52,457	44,335
	636,780	480,800

11. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
Consolidated				
Balance at 1 January 2015	121,974	356,624	55,396	533,994
Additions	159,811	93,876	16,594	270,281
Exchange differences	(2,361)	23,239	(2,680)	18,198
Depreciation expense	(106,738)	(209,960)	(24,975)	(341,673)
Balance at 31 December 2015	172,686	263,779	44,335	480,800
Additions	2,468	391,357	26,746	420,571
Exchange differences	(2,760)	5,939	(144)	3,035
Depreciation expense	(53,788)	(195,358)	(18,480)	(267,626)
Balance at 31 December 2016	118,606	465,717	52,457	636,780

12. Non-current assets- Intangibles and Goodwill

	Consolidated 2016 $	Consolidated 2015 $
Goodwill - at cost	17,367,939	17,192,743
	17,367,939	17,192,743
Other intangible assets - at cost	10,264,188	8,604,362
Less: Accumulated amortisation	(3,016,125)	(2,036,675)
	7,248,063	6,567,687
	24,616,002	23,760,430

12. Non-current assets- Intangibles and Goodwill (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Other intangibles acquired	Other intangibles Internally generated	Total
	$	$	$	$
Consolidated				
Balance at 1 January 2015	17,034,220	4,454,578	1,652,351	23,141,149
Additions	-	-	1,539,924	1,539,924
Exchange differences	158,523	109,964	(143,605)	124,882
Amortisation expense	-	(656,877)	(388,648)	(1,045,525)
Balance at 31 December 2015	17,192,743	3,907,665	2,660,022	23,760,430
Additions	-	-	1,790,742	1,790,742
Exchange differences	175,196	52,585	(111,148)	116,633
Amortisation expense	-	(308,704)	(743,099)	(1,051,803)
Balance at 31 December 2016	17,367,939	3,651,546	3,596,517	24,616,002

Goodwill of $15,653,090 (2015: $15,417,836) is allocated to the Thailand cash generating unit after adjusting for foreign exchange rates at the balance sheet date.

Goodwill of $1,714,849 (2015: $1,774,907) is allocated to the Malaysian cash generating unit after adjusting for foreign exchange rates at the balance sheet date.

	Consolidated	
	2016	**2015**
	$	**$**
Autospinn.com website (Thailand)	469,395	539,398
One2Car.com brand (Thailand)	2,257,001	2,223,080
One2Car.com customer base (Thailand)	925,150	1,145,189
Intangibles- Customer Relationship Management Platform	2,184,915	2,038,835
Intangibles-Websites and App development	1,281,952	467,589
Intangibles-Other	129,650	153,596
	7,248,063	6,567,687

12. Non-current assets- Intangibles and Goodwill (continued)

The life of the One2car.com brand intangible assets is indefinite as it is the intention of the Group to always operate the One2car.com brand due its market reputation and high levels of unpaid online traffic. Autospinn.com is amortised over 10 years. The One2car.com customer base intangible asset has a life of 6 years reflecting historical customer churn. Internally-generated intangible assets are amortised over 3-5 years.

The Group performed its annual impairment test at 31 December 2016. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the market capitalisation of the Group was above the book value of its equity and therefore not an indicator of impairment. However, the Group has made the decision to invest more aggressively in consolidating its leadership position across each of its current markets as competition increases. Revenue has also been impacted by weaker macro-economic conditions in Malaysia and Thailand and a decline in new car sales. As a result, management has identified that indicators of impairment exist at 31 December 2016.

In line with accounting policy 2.4j) the recoverable amount of the cash generating units (CGUs) was determined using a value in use calculation.

The 5 year Group cashflows assume that revenues rise significantly year on year due to increased penetration of the used and new car market, the continued migration of advertising monies from offline to online and a strong ASEAN automotive advertising market. Long term growth rates were set by country reflecting relative long-term GDP growth, consequent rise in car ownership and iCar's market leading positions.

Management have determined the appropriate WACC discount rate and long term growth rates ('LTGR') for each of the CGUs as follows:

	WACC rate	Long term growth rates
Malaysia	15.2% (2015: 14.5%)	3% (2015: 3%)
Thailand	13.9% (2015: 13.6%)	3% (2015: 3%)

The CGU's are equivalent to the reportable segments.

The Malaysian CGU includes the exploitation of Carlist.my and Live Life Drive assets. The Thailand CGU includes the exploitation of the One2Car, Thaicar and Autospinn assets.

Malaysia CGU

The Group used the CGUs value in use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the lower revenues and increased investment in the near term as discussed above and a pre-tax discount rate of 15.2% (2015: 14.5%) was applied. A long term growth rate of 3% (2015: 3%) was used to extrapolate year 5 cashflows. Management have prepared scenarios to consider the effect of growth rates, discount rate and terminal multiples.

The amount by which the recoverable amount exceeds the carrying amount for the Malaysia CGU is $21.9m. However if in isolation the revenue growth rate would decrease by 23% over the 5 year cash flow then the recoverable amount would be equal to the carrying amount of the Malaysia CGU. No other reasonable possible changes in assumptions that would result in an impairment were identified by management.

Due to the adequate head room in the base scenario, the expected macro-economic and consumer confidence improvements in Malaysia and the business plans in place for this CGU, it is not considered that an impairment exists as at 31 December 2016.

12. Non-current assets- Intangibles and Goodwill (continued)

Thailand CGU

The Group used the CGU's value in use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the lower revenues and increased investment in the near term as discussed above and a pre-tax discount rate of 13.9% (2015: 13.6%) was applied. A long term growth rate of 3% (2015: 3%) was used to extrapolate year 5 cashflows. Management have prepared scenarios to consider the effect of growth rates, discount rate and terminal multiples.

The amount by which the recoverable amount exceeds the carrying amount for the Thailand CGU is $13.8m. However if in isolation the revenue growth rate would decrease by 14% over the 5 year cash flow then the recoverable amount would be equal to the carrying amount of the Thailand CGU. No other reasonable possible changes in assumptions that would result in an impairment were identified by management.

Due to the adequate head room in the base scenario, the early stage of execution in the Thailand CGU and the business plans in place for this CGU, it is not considered that an impairment exists as at 31 December 2016.

13. Current liabilities - trade and other payables

	Consolidated	
	2016	2015
	$	$
Trade payables and accruals	2,538,969	1,752,683
Billings in advance	811,351	423,503
	3,350,320	2,176,186

Refer to note 20 for further information on financial instruments.
The average credit period on purchases is normally 30 to 60 days. No interest is payable on trade payables. The consolidated entity has financial risk management in place to ensure that all payables are paid within the credit time frame.

14. Current liabilities - provisions

	Consolidated	
	2016	2015
	$	$
Employee benefits	82,040	55,803
Staff incentives and bonuses	1,114,643	876,056
Other	379,670	186,532
	1,576,353	1,118,391

The employee benefits category is composed of the compensated annual leave provision for the year. The 2016 carried forward balance is expected to be utilised by March 2017 in line with company leave policies.

The staff incentives and bonuses provision is expected to be paid to employees by the end of March 2017.
The other provision category are provisions for withholding and VAT taxes in Indonesia.

14. Current liabilities – provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year are set out below:

	Employee Benefits	Staff incentives & bonuses	Other
		$	$
Consolidated - 2016			
Carrying amount at the start of the year	55,803	876,056	186,532
Additional provisions recognised / foreign exchange differences	626,793	1,356,090	193,138
Amounts used	(600,556)	(1,117,503)	-
Carrying amount at the end of the year	82,040	1,114,643	379,670

15. Current liabilities - borrowings

Current liabilities - borrowings	**Consolidated**	
	2016	**2015**
	$	**$**
Hire purchase	1,703	-
Shareholder loans	463,106	-
	464,809	-

Non- current liabilities - borrowings	**Consolidated**	
	2016	**2015**
	$	**$**
Hire purchase	-	6,717
Shareholder loans	-	479,325
	-	486,042

Refer to note 20 for further information on financial instruments.

In 2012 a loan of RM 1,500,000 equivalent to $463,106 as at 31 December 2016 was advanced to the group from a shareholder of Auto Discounts Sdn Bhd. Interest is charged at a rate of 8% per annum for the 5 years term of the loan generating an interest expense of $39,048 in 2016 Financial Year – see Note 6 Expenses. Interest is payable annually by 31 May. The shareholder loan is unsecured and is repayable in full by 31 May 2017.

Hire purchase are loans generated from the financing of company cars for the Group. The hire purchase loan is unsecured.

16. Equity - issued capital

	Consolidated 2016 Shares	Consolidated 2015 Shares	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares - fully paid	320,955,194	247,915,348	112,553,083	89,328,100

Movements in ordinary share capital

Details	**Date**	**No of shares**	**$**
Balance	1 January 2015	217,769,656	70,188,628
Issue of shares - STI/LTI to employees	13 March 2015	476,631	340,464
Issue of shares - Live Life Drive acquisition	18 March 2015	346,420	379,848
Issue of shares - Directors remuneration 2014 year	3 June 2015	209,830	260,000
Issue of shares - Share placement	10 July 2015	17,692,308	11,500,000
Issue of shares - STI to employee	10 July 2015	200,000	136,000
Issue of shares - Share rights issue	4 August 2015	5,379,503	3,496,677
Issue of shares - carsales.com share issue	18 August 2015	5,841,000	3,796,650
Share issue costs			(770,167)
Balance	31 December 2015	247,915,348	89,328,100
Issue of shares - STI/LTI to employees	4 March 2016	468,792	454,596
Issue of shares - Directors remuneration 2015 year	17 June 2016	346,381	300,001
Issue of shares - STI to employee	30 August 2016	349,673	267,502
Issue of shares - Share placement	7 September 2016	54,687,500	17,500,000
Issue of shares - Share placement	10 November 2016	17,187,500	5,500,000
Share issue costs			(797,116)
Balance	31 December 2016	320,955,194	112,553,083

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance.

The group's capital risk management policy remains unchanged from the 31 December 2015 Annual Report. The capital structure of the group includes equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The group operates in various countries, primarily through subsidiary companies established in the markets in which the group operates.

The group has sufficient cash to fund operating cash flows to maintain its current level of operations as well as to make the routine outflows of tax and the payment of any earn outs under contract. The group is not subject to any externally imposed capital requirements.

17. Equity - reserves

	Consolidated 2016 $	Consolidated 2015 $
Foreign currency reserve	(575,979)	(212,199)
Share-based payments reserve	1,191,254	1,078,144
Equity reserves	(10,965,292)	(10,965,292)
	(10,350,017)	(10,099,347)

	Foreign currency reserve $	Share-based payments reserve $	Equity reserves[1] $	Total $
Consolidated				
Balance at 1 January 2015	(11,217)	909,295	(10,965,292)	(10,067,214)
Foreign currency translation	(200,982)	-	-	(200,982)
Shares issued during the year	-	(627,027)	-	(627,027)
Shares to be issued in lieu of directors remuneration	-	300,000	-	300,000
Shares to be issued in lieu of LTI	-	143,880	-	143,880
Shares to be issued in lieu of STI	-	351,996	-	351,996
Balance at 31 December 2015	(212,199)	1,078,144	(10,965,292)	(10,099,347)
Foreign currency translation	(363,780)	-	-	(363,780)
Shares issued during the year	-	(866,018)	-	(866,018)
Shares to be issued in lieu of directors remuneration	-	300,000	-	300,000
Shares to be issued in lieu of LTI	-	437,127	-	437,127
Shares to be issued in lieu of STI	-	242,001	-	242,001
Balance at 31 December 2016	(575,979)	1,191,254	(10,965,292)	(10,350,017)

[1]This is a consolidation adjustment relating to investment in Auto Discount Sdn. Bhd. (now iCar Asia Sdn. Bhd.)

18. Equity - accumulated losses

	Consolidated 2016 $	Consolidated 2015 $
Accumulated losses at the beginning of the financial year	(37,895,525)	(25,358,326)
Loss after income tax expense for the year	(14,999,485)	(12,537,199)
Accumulated losses at the end of the financial year	(52,895,010)	(37,895,525)

19. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

20. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The group is mainly exposed to Malaysian Ringgit (MYR), Indonesian Rupiah (IDR) and Thai Baht (THB) as a result of the operation of its subsidiaries in those markets. Foreign currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entity's functional currency, no sensitivity analysis has been prepared.

Interest rate risk
The group's exposure to interest rate risk is limited to the movement in interest rates in terms of its cash held at bank.

	2016		2015	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$**	**%**	**$**
Consolidated				
Cash at bank	2.09%	27,077,808	2.40%	18,509,382
Net exposure to cash flow interest rate risk		27,077,808		18,509,382

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

	Basis points increase			Basis points decrease		
Consolidated - 2016	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	50	94,267	-	50	(94,267)	-

	Basis points increase			Basis points decrease		
Consolidated - 2015	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	50	72,582	-	50	(72,582)	-

20. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the group's maximum exposure to credit risk.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with Board of Directors, who have built an appropriate liquidity risk management framework for the management of the group's short, medium and long- term funding, servicing and repayment of the shareholder loan (see Note 15 Non-current liabilities-borrowings) and liquidity management requirements. The group manages liquidity by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

Remaining contractual maturities
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables and accruals		2,538,969	-	-	-	2,538,969
Interest bearing						
Shareholder Loan	8%	463,106	-	-	-	463,106
Hire Purchase Loan		1,703	-	-	-	1,703
Total non-derivatives		3,003,778	-	-	-	3,003,778

Consolidated - 2015	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables and accruals		1,752,683	-	-	-	1,752,683
Interest bearing						
Shareholder Loan	8%	-	479,325	-	-	479,325
Hire Purchase Loan		-	6,717	-	-	6,717
Total non-derivatives		1,752,683	486,042	-	-	2,238,725

20. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually is closed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

21. Key management personnel disclosures

Directors
The following persons were directors of the Group during the financial year:

Patrick Grove	Non-executive
Lucas Elliott	Non-executive
Mark Britt	Non-executive
Shaun Di Gregorio	Non-executive
Syed Khalil Ibrahim	Non-executive
Georg Chmiel	Non-executive
Cameron McIntyre	Non-executive
Ajay Bhatia	Non-executive
Mark Licciardo	Non-executive
Christopher Lobb	Non-executive

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Hamish Stone	Chief Executive Officer
Damon Rielly	Chief Executive Officer
Joe Dische	Chief Financial Officer
Joey Caisse	Chief Business Development Officer
Pedro Sttau	Chief Information Officer

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below and are the amounts recognised as an expense in the reporting period.

	Consolidated	
	2016	**2015**
	$	**$**
Short-term employee benefits	1,532,214	1,055,687
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	987,741	931,877
	2,519,955	1,987,564

21. Key management personnel disclosures (continued)

There were no share options or tax deferred shares granted during the year. Share-based payments refer to short-term and long term incentives for key management personnel and director remuneration. See the Remuneration Report for further information.

22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

	Consolidated	
	2016	2015
	$	$
Audit services - Ernst & Young		
Audit or review of the financial statements	214,560	206,800
Other services - Ernst & Young	-	12,136
	214,560	218,936

The fees paid to Ernst & Young for the group audit are inclusive of auditing the financial accounts of the subsidiaries and their respective local annual reports. The fees are not allocated.
The Other services provided by Ernst & Young in the year comprised of transfer pricing advice in year 2015.

23. Contingent liabilities

There are various claims that arise in the ordinary course of business against the Group and its subsidiaries. The amounts of any liability (if any) at 31 December 2016 cannot be ascertained and the Group believes that any resulting liability would not materially affect the position of the group.

24. Commitments

	Consolidated	
	2016	2015
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	473,881	371,056
One to five years	423,829	305,920
	897,710	676,976

Operating lease commitments relate to premises occupied by the group with lease terms currently still available of less than 5 years. The group does not have an option to purchase the premises at the expiry of the lease period.

The date that the premises leases terminate are as follows: Malaysia - May 2017 to November 2017, Thailand – March 2017 to March 2020 and Indonesia - April 2017 to December 2017.

The lease payments recognised in the profit and loss in 2016 were $439,060 (2015: 376,405).

25. Related party transactions

Parent entity
iCar Asia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in the remuneration report in the directors' report.

Transactions with related parties
During the year the Group purchased the following services from carsales.com Ltd (a major shareholder in iCar Asia Limited):

- $15,600 of services from Redbook (Automated Data Services Pty Ltd, an 100% subsidiary of carsales.com Limited)
- $161,800 of services from carsales.com Limited for content acceleration and content delivered image services
- $24,540 reimbursement of travelling expense incurred by Directors of the Group who are also employees of carsales.com Limited.

carsales.com Limited was deemed to be a related party until 9 December 2016.

During the year the Group purchased company secretarial services to a value of $78,577 from Mertons Corporate Services Pty Ltd, the principal of which is Mark Licciardo who acted as Company Secretary throughout the year.

Director and director-related entities hold directly, indirectly or beneficially interests of 88,949,438 (2015: 122,436,781) in the ordinary shares of the company as at the reporting date.

Receivable from and payable to related parties
There was a payable to Redbook (Automated Data Services Pty Ltd, an 100% subsidiary of carsales.com Ltd) for $1,300 in relation to services at the end of the current reporting period (2015: $1,300). The transaction is on normal commercial terms.

There were no other trade receivables from or trade payables to related parties at the current or previous reporting date.

Loans to/from related parties
There were no balances outstanding at the current or previous reporting date in relation to loans with related parties.

26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016	2015
	$	$
Loss after income tax	(27,655,021)	(1,512,904)
Total comprehensive income	(27,655,021)	(1,512,904)

26. Parent entity information (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Investments in associates are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment

Statement of financial position

	Parent	
	2016	**2015**
	$	**$**
Total current assets	25,235,294	17,264,326
Total assets	81,883,924	86,348,697
Total current liabilities	272,045	419,375
Total liabilities	272,045	419,375
Net Assets	81,611,879	85,929,322
Equity		
Issued capital	112,957,088	89,328,100
Reserves	1,267,037	1,558,447
Accumulated losses	(32,612,246)	(4,957,225)
Total equity	81,611,879	85,929,322

27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Equity holding	
	Country of	2016	2015
Name of entity	incorporation	%	%
iCar Asia Pte Ltd	Singapore	100	100
iCar Asia Management Services Sdn Bhd	Malaysia	100	100
Netyield Sdn Bhd	Malaysia	100	100
iCar Asia Sdn Bhd	Malaysia	100	100
PT Mobil Satu Asia	Indonesia	100	100
iCar Asia (Thailand) Limited *	Thailand	100	100
DQBP Sdn Bhd	Malaysia	100	100
O2C Holdings (Thailand) Co. Ltd	Thailand	100	100
Perfect Scenery Ventures Limited	British Virgin Islands	100	100
One2Car Co., Ltd	Thailand	100	100

27. Subsidiaries (continued)

*Group holds an economic interest of 100% with a nominee Thai shareholder holding an interest in the company on behalf of the Group.

28. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016	2015
	$	$
Loss after income tax expense for the year	(14,999,485)	(12,537,199)
Adjustments for:		
Depreciation, amortisation and impairment	1,319,429	1,387,198
Equity settled employee benefit	1,023,202	874,806
Doubtful debts expense	60,389	22,137
Employment costs capitalised	(1,249,664)	(1,009,022)
Exchange differences on translation of FX	(348,752)	(225,153)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	201,293	61,359
(Increase)/decrease in other assets	(206,120)	(698,262)
Increase/(decrease) in trade and other payables	1,174,134	(624,576)
Increase/(decrease) in provisions	449,961	138,351
Net cash used in operating activities	(12,575,613)	(12,610,361)

30. Earnings per share

	Consolidated	
	2016	**2015**
	$	$
Loss after income tax attributable to the owners of iCar Asia Limited and Controlled Entities	(14,870,855)	(12,537,199)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	268,239,860	230,836,146
Weighted average number of ordinary shares used in calculating diluted earnings per share	268,239,860	230,836,146
	Cents	**Cents**
Basic loss per share	(5.59)	(5.43)
Diluted loss per share	(5.59)	(5.43)

31. Share-based payments

Short-term and Long-term incentives

Short term incentive plan (STI)

Short-term incentives are used to reward staff based on performance on a year by year basis. Rewards are made to participating key employees depending on the extent to which specific targets set at the beginning of the period are met. The targets relate to the earnings of the company and achievement of other KPIs aligned to the individual's specific business function. The percentage and threshold level can differ for each individual and are reviewed each year. Payments are made in the form of cash and shares as determined at the discretion of the Nomination & Remuneration Committee. Shares are issued at the VWAP for the year. Benefits are pro-rated where employees join during an STI year. It is intended that key employees of the Group will be eligible to participate in the STI program. During the year all new and some existing participating key employees were migrated from the STI plan onto a new LTI scheme. See below under 'Long term incentive plan' and under Section C Service agreements.

Long term incentive plan (LTI)

The Group has established long term incentive plans (referred to hereafter as 'Plans'). The Plans are part of the Group's remuneration strategy and are designed to align the interests of management and shareholders and assist the Group in the attraction, motivation and retention of executives. In particular, the Plans are designed to provide relevant executives with an incentive for future performance and encouraging those executives to remain with the Group. LTI payments are made to participating key employees depending on the extent to which specific targets set at the beginning of the plan are met. The targets relate to the earnings of the company, achievement of other KPIs aligned to the individual's specific business function and staff remaining in employment. During the year all new and some existing participating key employees were migrated onto a new LTI Plan. The details of LTI terms can be found under Section C Service agreements.

Performance targets

Performance targets for key management personnel are based 80% overall company performance in revenue, EBITDA and sit vibrancy metrics (audience, accounts, leads and listings) and then 20% on undivided strategic goals for the period.

Directors Remuneration

The Directors are remunerated in shares with no vesting requirements. The fair value of the share is deemed to be the value outlined on their Director contracts with the Group and is expensed in the profit and loss on an accrual basis. See the Remuneration Report within the Directors' Report.

31. Share-based payments (continued)

Name	Date	No of shares	$Fair Value
Damon Rielly[1]	4/3/2016	76,406	81,754
Joey Caisse[1]	4/3/2016	98,564	105,463
Joey Caisse[2]	4/3/2016	78,778	71,688
Joe Dische[2]	4/3/2016	128,449	116,889
Pedro Sttau[2]	4/3/2016	86,595	78,801
Patrick Grove[3]	17/6/2016	69,276	60,000
Lucas Elliott[3]	17/6/2016	55,421	48,000
Shaun Di Gregorio	17/6/2016	55,421	48,000
Mark Britt	17/6/2016	55,421	48,000
Cameron McIntyre[4]	17/6/2016	55,421	48,000
Ajay Bhatia[4]	17/6/2016	55,421	48,000
Damon Rielly[5]	30/8/2016	309,321	222,711
Damon Rielly[6]	30/8/2016	40,352	44,791

[1] Shares issued in lieu of 2013 LTI
[2] Shares issued in lieu of 2015 STI
[3] Shares allocated to the Director were issued to Catcha Media Pte Ltd
[4] Shares allocated to the Director were issued to carsales.com Limited
[5] Shares issued in lieu of STI for period 1 July 2015 to 30 June 2016
[6] Shares issued in lieu of 2014 LTI

iCar Asia Limited and Controlled Entities
Directors’ declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Patrick Grove
Chairman

Kuala Lumpur
22 February 2017

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of iCar Asia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iCar Asia Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of non-current assets including goodwill

Why significant	How our audit addressed the key audit matter
The Group has goodwill of $17.4million and other intangibles of $7.2million in the consolidated statement of financial position. There is a risk that these balances cannot be supported by the future cash flows of the Cash Generating Units (CGUs). Consistent with Australian Accounting Standards, the Group conducts an annual impairment test of goodwill balances and indefinite life intangibles. Definite life intangibles are assessed whenever there is an indicator that an asset may be impaired. This impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market and economic conditions. The Group's disclosures in relation to goodwill are included in Note 12, which specifically explain the sensitivity of changes in the key assumptions which could give rise to an impairment of the non-current assets (including goodwill) balance in the future.	Our procedures included assessing the assumptions and methodologies used by the Group in their value-in-use impairment model. We compared the Group's assumptions to externally derived data and our own assessments of key inputs such as projected economic growth, cost inflation and discount rates. We assessed sensitivities performed by the Group, as well as performing procedures to understand changes that would result in an impairment on key assumptions. We evaluated the Group's procedures around the preparation of the Board approved budget, upon which the value-in-use model is based. We also compared the sum of projected discounted cash flows, as well as net assets of the Group, to the market capitalisation of iCar Asia Limited. We involved our valuation specialists to support our procedures.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. We obtained the Directors report (including the remuneration report) prior to the date of our auditor's report. The Company's corporate governance statement is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 25 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of iCar Asia Limited for the year ended 31 December, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

David McGregor

David McGregor
Engagement Partner

Melbourne
22 February 2017

The shareholder information set out below was applicable as at 3 April 2017.

ASX Listing Rule 4.10.19

iCar Asia Limited has used the cash and assets in a form readily convertible to cash it had at the time of admission in a way consistent with its business objectives.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Total holders of ordinary shares	Units
1 to 1,000	364	207,486
1,001 to 5,000	1,056	3,194,311
5,001 to 10,000	656	5,172,501
10,000 to 100,000	1,466	46,683,729
100,001 and over	187	265,697,167
	3,729	320,955,194
Holding less than a marketable parcel	574	492,742

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are:	Ordinary shares	
	Number held	% of total shares issued
ICQ HOLDINGS SDN BHD	52,500,000	16.36
CARSALES COM LIMITED	50,194,275	15.64
CITICORP NOMINEES PTY LIMITED	19,024,983	5.93
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,406,421	5.42
CATCHA GROUP PTE LTD	16,159,185	5.03
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	12,937,500	4.03
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,979,262	3.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,720,780	3.34
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	9,092,677	2.83
MIRRABOOKA INVESTMENTS LIMITED	6,383,282	1.99
UBS NOMINEES PTY LTD	3,019,354	0.94
TARGET RANGE PTY LTD	2,680,000	0.84
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,267,193	0.71
TIMSIM HOLDINGS PTY LTD <NO 2 A/C>	2,100,869	0.65
MR JOHN DAVID WHEELER + MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C>	1,750,000	0.55
MR MICHAEL STEWART BUNKER	1,500,000	0.47
ALCOCK SUPERANNUATION FUND PTY LTD <ALCOCK SUPER FUND A/C>	1,439,697	0.45
EMINENT HOLDINGS PTY LTD	1,250,000	0.39
MRS SUSAN HADDEN + MRS ABBY FALLA <HADDUP SUPER FUND A/C>	1,250,000	0.39
BIRDSEYE MANAGEMENT PTY LTD <BIRDSEYE FAMILY SUPER A/C>	1,000,000	0.31
	223,655,478	**69.69**

Unquoted equity securities

There are no shares held in escrow.

Substantial holders

The names of the security holders holding greater than 5% of quoted equity securities are:	Ordinary shares	
	Number held	% of total shares issued
CATCHA GROUP PTE LTD	86,676,645	27.00
CARSALES COM LIMITED	50,083,433	16.50
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	22,030,177	7.25
	158,790,255	**50.75**

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Disclosure of top-up right granted to carsales.com Limited pursuant to ASX waiver of listing Rule 6.18

Under the terms of a strategic relationship agreement entered into between iCar Asia and carsales.com Limited (‘carsales’), iCar Asia has granted carsales a top-up right which will enable carsales to maintain its shareholding in iCar Asia (at the lower of a 22.9% shareholding or carsales’ shareholding in iCar Asia at the time of dilution) by subscribing for shares at the same price at which iCar Asia issues shares to third parties. The top-up right terminates on the earlier of 29 April 2019, the date on which carsales ceases to hold at least a 15% shareholding in iCar Asia, the date on which carsales commences holding a shareholding of more than 25% in iCar Asia or termination of the strategic relationship agreement.

iCar Asia Limited and Controlled Entities
Corporate Directory
31 December 2016

Directors	Patrick Grove (Chairman) Lucas Elliott Mark Britt Syed Khalil Ibrahim Georg Chmiel Mark Licciardo Christopher Lobb
Group Chief Executive Officer	Hamish Stone Hamish.Stone@icarasia.com
Group Chief Financial Officer	Joe Dische Joe.Dische@icarasia.com
Joint Company Secretary	Mark Licciardo markl@mertons.com.au Belinda Cleminson belindac@mertons.com.au
Registered office	Level 7 330 Collins Street Melbourne VIC 3000 Australia Tel. +61 (3) 8689 9997 Fax. +61 (3) 9620 4709
Principal place of business	Suite 18.01- 3, Level 18, Centerpoint North Tower, Mid Valley City Lingkaran Syed Putra, 59200 Kuala Lumpur Malaysia Tel. +60 (3) 2776 6000 Fax. +60 (3) 2776 6010
Share register	Computershare Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia Tel. +61 (3) 9415 5000 www.computershare.com
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Stock exchange listing	iCar Asia Limited and Controlled Entities shares are listed on the Australian Securities Exchange (ASX code: ICQ)
Website	www.icarasia.com
Corporate Governance Statement	http://www.icarasia.com/investor-relations/corporate-governance/