iCar Asia Limited

ACN 157 710 846

Appendix 4D

HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 30 June 2017

Six months ended	Jun-17 $000	Jun-16 $000	Change
Revenues from ordinary operations	4,483	3,171	41%
Loss from ordinary activities after tax attributable to members	(7,111)	(6,400)	(11%)
Loss after tax attributable to members	(7,111)	(6,400)	(11%)
Loss per Share (basic & diluted)	(2.21)	(2.56)	14%
NTA per Share	5.26	4.51	17%

Dividends

iCar Asia Limited does not propose to pay a dividend for this reporting period (2016: nil).

Basis of this report

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Ernst & Young. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 31 December 2016 Annual Financial Report.

For and on behalf of the Board

Georg Chmiel
Chairman
17th August 2017

iCar Asia Limited and Controlled Entities

ACN 157 710 846

Financial Report

for the half year ended 30 June 2017

Contents to half-year financial report

ICAR ASIA LIMITED (ICQ) / ACN 157 710 846

Directors' report

The Directors of iCar Asia Limited submit their financial report for iCar Asia Limited and Controlled Entities (referred to hereafter as the 'Group') for the half-year ended 30 June 2017.

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

Georg Chmiel (Independent, non-executive Chairman)
Patrick Grove (Non-executive Director)
Lucas Elliott (Non-executive Director)
Mark Britt (Independent, non-executive Director) resigned 30 June 2017
Syed Khalil Ibrahim (Independent, non-executive Director)
Mark Licciardo (Independent, non-executive Director)
Christopher Lobb (Independent, non-executive Director) resigned 30 June 2017
Peter Everingham (Independent, non-executive Director) appointed 1 July 2017
Richard Kuo (Independent, non-executive Director) appointed 1 July 2017
Jamie Olsen (Alternate Director to Lucas Elliott) appointed 1 July 2017

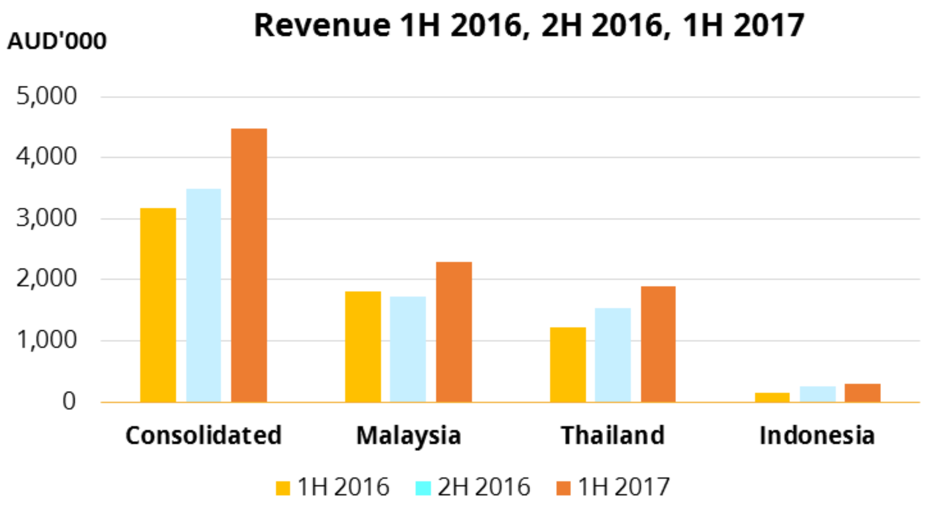
Principal Activities

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

Financial Performance

Strong revenue growth of 49% year on year (FOREX neutral)

In the first half of 2017 the Group generated $4,482,581 in revenue (first half 2016: $3,170,770), an increase of 41%. This represents an acceleration of year on year growth to 49% (on a FOREX neutral basis) with revenue growth of 28% compared to the second half of 2016.



This growth was primarily driven by the Group's core Classified and Media businesses. Incremental revenue growth came from the introduction of New Car events in Malaysia in May 2017. In addition, operations in all countries benefited from the establishment of new advertising and dealer incentive partnerships with finance and insurance institutions.

Margin improvement through optimisation of spending and cost management measures

Operating expenses increased 21% in the first half of 2017 to $10,983,971 (first half 2016: $9,114,443) largely through a 52% increase in discretionary marketing expenses compared to the prior corresponding period in line with the Group's strategy of continuing to invest in initiatives to grow market share. Although there was growth year on year, operating expenses decreased by 3% on the previous six-month period (second half 2016: $11,361,696), largely through optimisation of employment and administrative expenses as the increase in discretionary marketing spend was largely implemented in the previous six month period.

The Group incurred an EBITDA loss for the half year of $6,501,390 (first half 2016: $5,943,673). The EBITDA loss was a 17% improvement on the previous six month period (second half 2016: $7,869,072) as revenue growth of 28% was delivered in conjunction with the marginal reduction in the operating cost base of the Group on the previous six month period.

Operating Performance Highlights

Extending leadership position in all markets enabling growth into New Car

The Group's core Classified and Media businesses delivered solid growth in all markets primarily as a result of the following:

1. Increases in paying dealer accounts (up 28% year on year), listings (up 22% year on year) and the increased take-up of paid 'depth' products (sales of 'bumps' – where a listing is promoted to the top of search results – were up 48% year on year);

2. Pricing optimisation resulting in increases in monthly spend per account. In Thailand subscription pricing was increased along with the bundling of an allocation of 'depth' products into each pricing tier. In Malaysia bundles were introduced driving more consistent monthly spend;

3. An increasingly diversified group of advertisers now engaging with the Group's various online properties. The Group has established key strategic partnerships with leading finance and insurance institutions in all markets. This has helped drive revenues and establish a base of key relationships which the Group will be able to leverage in the future with increased focus on a transactional based online car buying experience;

4. The introduction of car events in Malaysia, which has contributed to solid growth in media revenue. iCar Asia's first new car event was held in Kuala Lumpur in May 2017 and run in association with the Malaysian Automotive Association. Over 20,000 car buyers attended this two day event to test drive and buy from the 15 car brands that participated. Over 2,500 test drives were completed, with over RM 23 million of cars being sold as a result of the event.

Rollout of a solid platform for future growth

A range of key initiatives were delivered in the development of iCar Asia's product and technologies. Consumer and dealer mobile applications are now live in all markets, the Group is now running off a single technology platform and a revised new car proposition is ready to be launched in all markets. With these developments, the Group considers that it has all the tools in place to grow in its core markets whilst extending into the new areas including in the new car section, finance, insurance and other automotive services.

Strengthening of iCar Asia Board and Management Team

The Group has recently strengthened its board with the appointment of three new directors who bring a wealth of experience in the successful commercialisation of digital media and technology businesses in Asia and Australia. iCar Asia has also made senior appointments in the marketing and events teams bringing additional expertise to the management team. The combined developments at a strategic, operational and execution levels have placed the Group in a strong position to capture the opportunity it has before it.

Operating Environment and Opportunities

With improving economic conditions, the Group's operating markets are returning to growth in new car sales. The Group is well positioned to continue to grow revenue from its existing products as well as extending into new areas. The Group anticipates extending the progress made in the first half of 2017.

The new car market represents one of the biggest opportunities for the digital auto advertising sector. The Group considers that it possesses the right brands, audience and technology platform to build a strong and competitive proposition in the new car market combining a world class digital experience with events. This transformative approach is expected to help drive further progress in the adoption of digital practices in the automotive industry and allow the Group to extend its leadership position in car buying across ASEAN.

Dividends

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

Events subsequent to reporting date

There have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report, 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 periods.

Indemnification 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.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year financial report.

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

On behalf of the Directors

Georg Chmiel
Chairman

Kuala Lumpur
17 August 2017

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 review of iCar Asia Limited for the half-year ended 30 June 2017, 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 review*;* and

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

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

Ernst & Young

Ernst & Young

BJ Pollock
Partner
17 August 2017

iCar Asia Limited and Controlled Entities
Directors’ Declaration
30 June 2017

In accordance with a resolution of the directors of iCar Asia Limited and Controlled Entities (the 'Group'), I state that:

In the opinions of the directors:

(a) The financial statements and notes of the Group for the half-year ended 30 June 2017 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

Georg Chmiel
Chairman

Kuala Lumpur

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2017

	Consolidated	
	2017	**2016**
	$	**$**
Revenue	4,482,581	3,170,770
Expenses		
Administration and related expenses	(978,746)	(1,093,702)
Advertising and marketing expenses	(4,120,589)	(2,712,186)
Employment related expenses	(4,845,166)	(4,374,478)
Premises and infrastructure expenses	(959,891)	(817,808)
Production costs	(79,579)	(116,269)
Depreciation and amortisation expense	(812,823)	(623,677)
Operating loss	(7,314,213)	(6,567,350)
Interest income	224,056	186,955
Interest expense	(9,448)	(19,994)
Loss before tax	(7,099,605)	(6,400,389)
Income tax (expense)/benefit	(11,875)	-
Loss after income tax expense for the period attributable to the owners of iCar Asia Limited and Controlled Entities	(7,111,480)	(6,400,389)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency transalation	(406,392)	132,264
Other comprehensive income for the year, net of tax	(406,392)	132,264
Total comprehensive loss for the period attributable to the owners of iCar Asia Limited and Controlled Entities	(7,517,872)	(6,268,125)
Earnings per share	**Cents**	**Cents**
Basic loss per share	(2.21)	(2.56)
Diluted loss per share	(2.21)	(2.56)

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of financial position
As at 30 June 2017

	Note	Consolidated	
		30 Jun 2017	31 Dec 2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	4	13,783,488	22,077,808
Investments (term deposits)	4	5,000,000	5,000,000
Trade and other receivables		1,017,435	907,754
Other assets		1,548,383	1,434,924
Total current assets		**21,349,306**	**29,420,486**
Non-current assets			
Property, plant and equipment		761,348	636,780
Intangibles	5	7,902,665	7,248,063
Goodwill	5	17,249,389	17,367,939
Other non-current assets		-	26,270
Total non-current assets		**25,913,402**	**25,279,052**
Total assets		**47,262,708**	**54,699,538**
Liabilities			
Current liabilities			
Trade and other payables	5	3,870,621	3,350,320
Provisions		1,289,764	1,576,353
Borrowings		-	464,809
Total current liabilities		**5,160,385**	**5,391,482**
Total liabilities		**5,160,385**	**5,391,482**
Net assets		**42,102,323**	**49,308,056**
Equity			
Issued capital	7	113,064,235	112,553,083
Reserves		(10,955,422)	(10,350,017)
Accumulated losses		(60,006,490)	(52,895,010)
Total equity		**42,102,323**	**49,308,056**

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2017

	Issued capital	Foreign currency translation reserve	Equity reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 January 2017	112,553,083	(575,979)	(10,965,292)	1,191,254	(52,895,010)	49,308,056
Loss after income tax expense for the period	-	-	-	-	(7,111,480)	(7,111,480)
Other comprehensive income for the period, net of tax	-	(406,392)	-	-	-	(406,392)
Total comprehensive income for the period	-	(406,392)	-	-	(7,111,480)	(7,517,872)
Transactions with owners in their capacity as owners						
1,266,915 shares issued during the period	517,645	-	-	(517,645)	-	-
Transaction costs (net of tax)	(6,493)	-	-	-	-	(6,493)
Share to be issued in lieu of directors' remuneration	-	-	-	154,667	-	154,667
Share to be issued in lieu of STI and LTI	-	-	-	163,965	-	163,965
Balance at 30 June 2017	113,064,235	(982,371)	(10,965,292)	992,241	(60,006,490)	42,102,323

	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	-	-	-	-	(6,400,389)	(6,400,389)
Other comprehensive income for the period, net of tax	-	132,264	-	-	-	132,264
Total comprehensive income for the period	-	132,264	-	-	(6,400,389)	(6,268,125)
Transactions with owners in their capacity as owners						
815,173 shares issued during the period	754,597	-	-	(686,568)	-	68,029
Transaction costs (net of tax)	-	-	-	-	-	-
Share to be issued in lieu of directors' remuneration	-	-	-	150,000	-	150,000
Share to be issued in lieu of STI and LTI	-	-	-	417,019	-	417,019
Balance at 30 June 2016	90,082,697	(79,935)	(10,965,292)	958,595	(44,295,914)	35,700,151

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of cash flows
For the six months ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Receipts from customers		4,986,756	3,975,002
Payments to suppliers and employees		(12,362,002)	(9,250,374)
		(7,375,246)	(5,275,372)
Interest received		246,580	312,392
Interest paid		(37,427)	(40,659)
Net cash used in operating activities		(7,166,093)	(5,003,639)
Cash flows from investing activities			
Payments for property, plant and equipment		(117,438)	(225,734)
Payments for intangibles		(524,092)	(249,191)
Net cash used in investing activities		(641,530)	(474,925)
Cash flows from financing activities			
Share issue transaction costs		(18,853)	-
Repayment of borrowings		(467,844)	-
Net cash used in financing activities		(486,697)	-
Net (decrease)/ increase in cash, cash equivalents and investments		(8,294,320)	(5,478,564)
Cash, cash equivalents and investments at the beginning of the period		27,077,808	18,509,382
Cash, cash equivalents and investments at the end of the period	**4**	**18,783,488**	**13,030,818**

1. Corporate information

The interim condensed consolidated financial statements of iCar Asia Limited and Controlled Entities (collectively, the 'Group') for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 17 August 2017.

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 half year were the development and operation of internet based automotive portals in South East Asia.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. All amounts are presented in Australian dollars and are rounded to the nearest dollar.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The carrying amount of financial assets and financial liabilities approximate fair values at the reporting date, unless otherwise stated.

Clarification of terminology used in our financial 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. Basis of preparation and changes to the Group's accounting policies (continued)

Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations noted 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 adoption of these amendments had no material impact on the financial position or performance of the Group.

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

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 reporting period ended 30 June 2017 are outlined below:

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 a significant impact on the Group financial report however it will continue to assess this.

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.

2. Basis of preparation and changes to the Group's accounting policies

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

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

- 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.
- 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.
- 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.

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

2. Basis of preparation and changes to the Group's accounting policies

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

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.

The Group has performed a detailed analysis of the performance obligations within current and likely future contracts with customers to assess the likely impact of this new standard. It has been confirmed that the standard will have an impact on the Group, however the Group has not finalised a quantitative assessment. The key 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 at the final stage of establishing its implementation of a process which complies with AASB 15. It is currently believed that the financial impact will not be material.

2. Basis of preparation and changes to the Group's accounting policies

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

AASB 16 Leases

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

Lessee accounting

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

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, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

The Group has made a preliminary assessment and does not expect this standard to have a significant impact on the financial performance of the Group, however will impact the statement of financial position. The operating lease rental expenses associated with these leases will no longer be recognised in the income statement, instead being replaced by depreciation of the lease asset and interest charges. This is not expected to materially change the profit after tax, but is expected to change the EBITDA.

3. Segment information

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 below reportable segments.)

Malaysia	Thailand
Indonesia	Corporate

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 - June 2017	Malaysia $	Indonesia $	Thailand $	Corporate $	Total $
Revenue					
Sales	2,287,360	303,242	1,891,979	-	4,482,581
Total sales revenue	2,287,360	303,242	1,891,979	-	4,482,581
Operating expenses	(3,250,879)	(2,401,183)	(2,706,454)	(2,625,455)	(10,983,971)
Loss before Interest, tax, depreciation and amortisation	(963,519)	(2,097,941)	(814,475)	(2,625,455)	(6,501,390)
Depreciation and amortisation	(61,533)	(23,601)	(39,697)	(687,992)	(812,823)
Interest income	4,222	-	22	219,812	224,056
Interest expense	(9,448)	-	-	-	(9,448)
Loss before income tax expense	(1,030,278)	(2,121,542)	(854,150)	(3,093,635)	(7,099,605)
Income tax expense					(11,875)
Loss after income tax expense					(7,111,480)
Assets					
Segment assets	3,366,704	1,140,137	21,159,917	21,595,950	47,262,708
Total assets					47,262,708
Liabilities					
Segment liabilities	1,297,404	1,079,899	1,858,757	924,325	5,160,385
Total liabilities					5,160,385

3. Segment information (continued)

Operating segment information (continued)

Consolidated - June 2016	Malaysia $	Indonesia $	Thailand $	Corporate $	Total $
Revenue					
Sales	1,816,440	142,509	1,211,821	-	3,170,770
Total sales revenue	1,816,440	142,509	1,211,821	-	3,170,770
Operating expenses	(2,565,770)	(1,773,208)	(1,600,088)	(3,175,377)	(9,114,443)
Loss before Interest, tax, depreciation and amortisation	(749,330)	(1,630,699)	(388,267)	(3,175,377)	(5,943,673)
Depreciation and amortisation	(62,684)	(19,880)	(33,346)	(507,767)	(623,677)
Interest income	1,072	-	296	185,587	186,955
Interest expense	(19,994)	-	-	-	(19,994)
Loss before income tax expense	(830,936)	(1,650,579)	(421,317)	(3,497,557)	(6,400,389)
Income tax expense					-
Loss after income tax expense					(6,400,389)
Assets					
Segment assets	3,663,586	718,458	20,985,292	14,810,338	40,177,674
Total assets					40,177,674
Liabilities					
Segment liabilities	1,506,692	937,313	1,017,876	1,015,642	4,477,523
Total liabilities					4,477,523

4. Cash, cash equivalents and investments

	30 June 17 $	31 Dec 16 $
Cash at bank	2,692,280	4,485,188
Cash on deposit	11,091,208	17,592,620
Cash and cash equivalents	13,783,488	22,077,808
Investments (term deposits)	5,000,000	5,000,000
	18,783,488	**27,077,808**

5. Significant balances

Trade and other payables	**30 June 17** **$**	**31 Dec 16** **$**
Trade payables and accruals	2,428,501	2,538,969
Billings in advance	1,442,120	811,351
	3,870,621	**3,350,320**

5. Significant balances (continued)

	30 June 17	31 Dec 16
Intangibles Summary	**$**	**$**
Autospinn.com website (Thailand)	427,740	469,395
One2Car.com brand (Thailand)	2,243,682	2,257,001
One2Car.com customer base (Thailand)	804,689	925,150
Intangibles- Customer Relationship Management platform	2,307,070	2,184,915
Intangibles- Websites and App development	2,005,320	1,281,952
Intangibles- Other	114,164	129,650
	7,902,665	**7,248,063**

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. Amortisation rates are unchanged from the financial year ended 31 December 2016.

	30 June 17	31 Dec 16
	$	**$**
Goodwill Summary		
Malaysian cash generating unit	1,688,671	1,714,848
Thailand cash generating unit	15,560,718	15,653,091
	17,249,389	**17,367,939**

The Group performs its annual impairment test in December and when circumstances indicate that carrying values may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite useful lives is determined based on a value-in-use valuation. The value-in-use valuations use cash flow projections based on financial budgets approved by the Board covering a 5 year forecast period, and a terminal value based upon an extrapolation of cash flows beyond the 5 year period using a constant growth rate of 3% per annum. The cash flows are based on management's expectations regarding iCar's penetration of the used and new car market, the continued migration of advertising monies to from offline to online and a strong ASEAN automotive advertising market. The discount rate applied reflects the current market assessment of the time value of money adjusted for a risk premium to reflect the risk of the specific cash generating units ('CGU'). Long term growth rates are set by country reflecting relative long-term GDP growth, consequent rise in car ownership and iCar's market leading positions.

The key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

Macro-economic conditions in iCar's markets have improved and competitor activity has subsided in the current period compared to 2016. The Group also considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2017, the market capitalisation of the Group exceeded the book value of its equity and therefore was not an indicator of impairment. Notwithstanding these factors, the Group considers that the sensitivity of the Group's value-in-use valuations to changes in assumptions is an indicator of impairment for both CGUs, and therefore has performed an impairment test as at 30 June 2017.

5. Significant balances (continued)

Malaysia CGU
As a result of the impairment testing performed at the CGU level, the Group assessed that the recoverable amount was greater than carrying amount and no impairment loss has been recognised in the current period. The projected cash flows were updated to reflect the latest forecast for the year ended 2017 and a pre-tax discount rate of 15.2% (31 December 2016: 15.2%) was applied. A long term growth rate of 3% (31 December 2016: 3%) was used to extrapolate year 5 cash flows. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2016.

The Group has performed a sensitivity analysis by considering reasonably possible changes in the key assumption, being forecast revenues. The amount by which the recoverable amount exceeds the carrying amount for the Malaysia CGU is $13.4m. However if in isolation revenues were reduced by 16% over the 5 year cash flow then the recoverable amount would be equal to the carrying amount of the Malaysia CGU. No other reasonably possible changes in assumptions that would result in an impairment were identified by management.

Thailand CGU
As a result of the impairment testing performed at the CGU level, the Group assessed that the recoverable amount was greater than carrying amount and no impairment loss has been recognised in the current period. The projected cash flows were updated to reflect the latest forecast for the year ended 2017 and a pre-tax discount rate of 13.9% (31 December 2016: 13.9%) was applied. A long term growth rate of 3% (31 December 2016: 3%) was used to extrapolate year 5 cash flows. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2016.

The Group has performed a sensitivity analysis by considering reasonably possible changes in the key assumption, being forecast revenues. The amount by which the recoverable amount exceeds the carrying amount for the Thailand CGU is $11.2m. However if in isolation revenues were reduced by 12% over the 5 year cash flow then the recoverable amount would be equal to the carrying amount of the Thailand CGU. No other reasonably possible changes in assumptions that would result in an impairment were identified by management.

6. Dividends

No dividends have been paid, declared or recommended during the six months ended 30 June 2017 (30 June 2016: nil).

7. Contributed equity

During the half-year reporting period, the Group issued 1,266,915 (30 June 2016: 815,173) ordinary shares at a value of $517,645 (30 June 2016: $754,597).

The total of 1,266,915 ordinary shares were issued to executives and directors as share based payments with a value of $517,645 attributed to equity. This compares to an accrual in the prior period of $787,373 (30 June 2016: $754,597).

8. Share based payments

In April 2017 and May 2017 3,750,000 share options were granted to certain senior executives. The senior executives must be employed by the company on the vesting date or the options lapse. All options will be settled in shares. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2017 was estimated on the date of grant using the following assumptions:

8. Share based payments (continued)

Dividend yield	0%
Expected votality	76%
Risk-free interest rate	1.8%

The weighted average fair value of the options granted during the six month period was $0.11.

Options holdings of KMP						
Key management personnel	Volume	Share price at grant date	Option Strike Price	Grant date	Vesting Date	Expriy Date
G Chmiel (Chairman)	1,000,000	$0.28	$0.40	26-May-17	31-Dec-19	31-Dec-21
H Stone (CEO)						
Option 1	750,000	$0.28	$0.40	26-May-17	26-May-19	26-May-22
Option 2	750,000	$0.28	$0.60	26-May-17	26-May-19	26-May-22
Option 3	1,000,000	$0.28	$0.80	26-May-17	26-May-19	26-May-22
J Adams (CMO)	250,000	$0.25	$0.40	3-Apr-17	31-Dec-19	31-Dec-21

For the six months ended 30 June 2017, the Group has recognised $630,773 of share based-payments transactions expense in the statement of comprehensive income (30 June 2016: $567,019).

9. Acquisitions and disposals of assets

There were no significant acquisitions or disposals of assets during the six months ended 30 June 2017 (2016: nil).

10. Shareholder loan

In 2012 a loan of RM1,500,000, equivalent to $467,844 at time of repayment, was advanced to the group from a shareholder of Auto Discounts Sdn Bhd. On 31 May 2017, the Group repaid the loan in full.

11. Contingent claims and liabilities

Various claims arise in the ordinary course of business against iCar Asia Limited and its subsidiaries. There has been no significant change in status of claims at 30 June 2017 and the directors believe that any resulting liability would not materially affect the financial position of the Group.

12. Subsequent events

There have not been any transactions or events of a material and unusual nature between the end of the reporting period and the date of this report, 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 periods.

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Independent Auditor's Review Report to the Shareholders of iCar Asia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of iCar Asia Limited (the 'Company') and its subsidiaries (collectively the 'Group'), which comprises the condensed statement of financial position as at 30 June 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated financial position of the Group as at [period date] and of its consolidated financial performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

BJ Pollock
Partner

Melbourne
17 August 2017

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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/