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 2018

Six Months Ended	**June-18 $'000**	**June-17 $'000**	**Change**
Revenue from ordinary operations	5,008	4,483	12%
Net profit/ (loss) from ordinary activities after tax attributable to members	(6,733)	(7,100)	6%
Net profit/ (loss) for the period attributable to members (NPAT)	(6,733)	(7,111)	5%
Earnings/ (loss) per Share (basic & diluted)	(1.78)	(2.21)	20%
Net Tangible assets per share	3.70	5.26	(30%)

Dividends

iCar Asia Limited does not propose to pay a dividend for this reporting period (2017: 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 2017 Annual Financial Report.

For and on behalf of the Board

Georg Chmiel
Chairman
22 August 2018

iCar Asia Limited and Controlled Entities

ACN 157 710 846

Financial Report

for the half year ended 30 June 2018

Contents to half-year financial report

ICAR ASIA LIMITED (ICQ) / ACN 157 710 846

Directors' report

The Directors submit their financial report for iCar Asia Limited and Controlled Entities (referred to hereafter as the 'Group') for the half-year ended 30 June 2018.

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 (Executive Chairman)
Patrick Grove (Non-executive Director)
Lucas Elliott (Non-executive Director)
Syed Khalil Ibrahim (Independent, non-executive Director)
Peter Everingham (Independent, non-executive Director)
Richard Kuo (Independent, non-executive Director)
James Olsen (Alternate Director to Lucas Elliott)

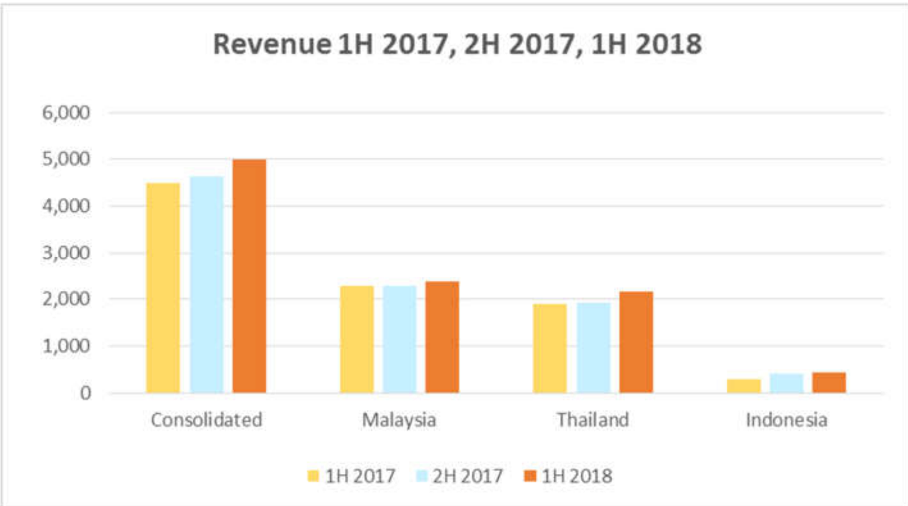
Principal Activities

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 12% year on year

The Group delivered a strong performance underpinned by solid growth in the first half of 2018. The Group generated $5.01m in revenue (first half 2017: $4.48m). This represents year on year growth of 12% with all three countries of operation providing year on year growth in revenue.



The Group's operations in each country are focused on both new car and used car businesses and comprise:

- in respect of used car – online classifieds, brokerage and car auctions (**Used Cars**); and
- in respect of new car – media (advertising), events and new car dealers (**New Cars**).

Financial Performance (continued)

Used Cars Business

Group revenue growth was largely driven by its Used Cars business that delivered 35% growth year on year to $3.15m (first half 2017: $2.33m). This was largely attributed to a strong online classified segment that continued to grow rapidly, underpinned by equally strong operating metrics in audience (up 67% year on year to 11.7m), leads (up 21% year on year to 794,206) and listings (up 1% year on year to 448,826).

The Group commenced its Used Car auction business in H1 2018 where $0.73m worth of cars were sold notwithstanding it being at an early stage of roll out, and primarily in Malaysia and Thailand. The Group expects the auction business to contribute more significantly in second half of 2018 with full roll out across all three countries.

New Cars Business

Revenue from New Cars business was 13.7% lower to $1.85m (first half 2017: $2.15m). This lower revenue is predominantly driven by timing of business activities being impacted by certain ASEAN events. One of the largest car events in Malaysia and operated by the Group, DRIVE, that was originally planned in May 2018 was rescheduled to July 2018 due to the Malaysian general election held in May 2018. Media spend in Malaysia and Indonesia were also affected due to the earlier Muslim New Year occurring in June this year. The Group intends to roll out a substantial New Cars online classified solution across three countries in the second half of 2018 that will provide a full complement of products to new car dealers and automotive brands. The New Cars business model provides lead generation and services for new car buyers, which also provides opportunities for the Group to cross sell finance, insurance and auction products and services to car buyers.

Effective cost management

Operating expenses (excluding depreciation and amortisation) decreased by 2% in the first half of 2018 to $10.74m (first half 2017: $10.98m). This was attributed to the rescheduling of New Cars events and optimisation of marketing, employment and administrative expenses.

The Group incurred an EBITDA loss for the half year of $5.73m (first half 2017: $6.5m). The EBITDA losses narrowed by $0.77m a 12% improvement year on year as a result of higher revenue and lower expenses.

Operating Performance Highlights

The Group delivered solid growth initiatives in all markets including the following:

- increases in audience, as measured by the number of unique visitors (up 67% year on year), leads represented by unique visitors expressing their interest to buy or sell (up 21% year on year), the number of listings (up 1% year on year);
- listing price increase were implemented in May 2018 in the Used Car classified; which will contribute more materially in 2H 2018; and
- extensive preparatory work and resources were deployed in the substantial redevelopment of the Group's technology platform, the acquisition of additional car dealers utilising the Group's products and services, and implementation of the processes and technologies for the New Cars business and Used Car auction business.

Operating Environment and Opportunities

In 2H 2018 the focus will be on continuing to grow Used Cars revenue and return New Cars revenue to growth through events and online classifieds, and the media business being further complemented by the roll out of transactional services in New Cars Dealer and Used Cars auctions.

With the right mix of products and services, the Group is well poised to capitalise on the increasing prevalence of online marketplaces in the motor vehicle ownership processes in ASEAN.

Dividends

The Group does not propose to pay a dividend for this reporting period (2017: nil).

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
22 August 2018

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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 2018, 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
22 August 2018

iCar Asia Limited and Controlled Entities
Directors' declaration
30 June 2018

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 2018 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 2018 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
22 August 2018

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2018

		Consolidated	
		2018	**2017**
	Note	**$**	**$**
Revenue from contracts with customers	3	5,008,327	4,482,581
Expenses			
Administration and related expenses		(1,193,602)	(978,746)
Advertising and marketing expenses		(3,056,051)	(4,120,589)
Employment related expenses		(5,625,071)	(4,845,166)
Premises and infrastructure expenses		(842,065)	(959,891)
Production costs		(20,899)	(79,579)
Depreciation and amortisation expense		(1,151,304)	(812,823)
Operating loss		(6,880,665)	(7,314,213)
Interest income		177,139	224,056
Interest expense		(2,500)	(9,448)
Loss before tax		(6,706,026)	(7,099,605)
Income tax (expense)/benefit		(27,392)	(11,875)
Loss after income tax expense for the period attributable to the owners of iCar Asia Limited		(6,733,418)	(7,111,480)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Exchange differences on translation of foreign operations		1,130,320	(406,392)
Other comprehensive income for the year (net of tax)		1,130,320	(406,392)
Total comprehensive loss for the period attributable to the owners of iCar Asia Limited		(5,603,098)	(7,517,872)
Earnings per share		**Cents**	**Cents**
Basic loss per share		(1.78)	(2.21)
Diluted loss per share		(1.78)	(2.21)

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

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of financial position
For the six months ended 30 June 2018

	Note	Consolidated 30 Jun 2018 $	Consolidated 31 Dec 2017 $
Assets			
Current assets			
Cash and cash equivalents	5	10,225,186	16,477,295
Investments (term deposits)	5	5,000,000	5,000,000
Trade and other receivables		1,311,956	1,035,590
Other assets		2,790,738	1,431,203
Total current assets		**19,327,880**	**23,944,088**
Non-current assets			
Property, plant and equipment		677,657	675,986
Intangibles	6	9,089,322	8,459,922
Goodwill	6	18,442,675	17,675,289
Other non-current assets		26,640	26,619
Total non-current assets		**28,236,294**	**26,837,816**
Total assets		**47,564,174**	**50,781,904**
Liabilities			
Current liabilities			
Trade and other payables		2,018,833	1,752,039
Contract liabilities	3	2,209,308	914,974
Provisions		1,305,511	1,389,725
Total current liabilities		**5,533,652**	**4,056,738**
Non-current liabilities			
Provisions		356,351	308,672
Total non-current liabilities		**356,351**	**308,672**
Total liabilities		**5,890,003**	**4,365,410**
Net assets		**41,674,171**	**46,416,494**
Equity			
Issued capital	8	123,644,999	122,493,347
Reserves		(8,964,800)	(9,804,243)
Accumulated losses		(73,006,028)	(66,272,610)
Total equity		**41,674,171**	**46,416,494**

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

	Issued capital	**Foreign currency translation reserve**	**Equity reserve**	**Share based payment reserve**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2018	122,493,347	(317,368)	(10,965,292)	1,478,417	(66,272,610)	46,416,494
Loss after income tax expense for the period	-	-	-	-	(6,733,418)	(6,733,418)
Other comprehensive income for the period, net of tax	-	1,130,320	-	-	-	1,130,320
Total comprehensive income for the period	-	1,130,320	-	-	(6,733,418)	(5,603,098)
Transactions with owners in their capacity as owners						
4,827,627 shares issued during the period	1,189,282	-	-	(905,640)	-	283,642
Transaction costs (net of tax)	(37,630)	-	-	-	-	(37,630)
Share to be issued in lieu of directors' remuneration	-	-	-	110,000	-	110,000
Share to be issued in lieu of STI and LTI	-	-	-	504,763	-	504,763
Balance at 30 June 2018	123,644,999	812,952	(10,965,292)	1,187,540	(73,006,028)	41,674,171

	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

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

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of changes in cash flows
For the six months ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers		6,352,800	4,986,756
Payments to suppliers and employees		(12,662,690)	(12,362,002)
		(6,309,890)	(7,375,246)
Interest received		179,538	246,580
Interest paid		-	(37,427)
Net cash used in operating activities		(6,130,352)	(7,166,093)
Cash flows from investing activities			
Payments for property, plant and equipment		(113,412)	(117,438)
Payments for intangibles		(240,294)	(524,092)
Net cash used in investing activities		(353,706)	(641,530)
Cash flows from financing activities			
Proceeds from issue of shares		283,642	-
Share issue transaction costs		(51,693)	(18,853)
Repayment of borrowings		-	(467,844)
Net cash used in financing activities		231,949	(486,697)
Net (decrease)/ increase in cash, cash equivalents and investments		(6,252,109)	(8,294,320)
Cash, cash equivalents and investments at the beginning of the period		21,477,295	27,077,808
Cash, cash equivalents and investments at the end of the period	5	**15,225,186**	**18,783,488**

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

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 2018 were authorised for issue in accordance with a resolution of the directors on 21 August 2018.

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2018 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 2017.

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.

2.2 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. Basis of preparation and changes to the Group's accounting policies (continued)

2.3 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 2017, except for the adoption of new standards and interpretations noted below.

(i) Adoption of AASB 15 Revenue from Contracts with Customers (‘AASB 15’)

The Group has applied AASB 15 Revenue from Contracts with Customers (‘AASB 15’) from 1 January 2018 in accordance with the modified retrospective transitional approach using the practical expedients for completed contracts. That is, contracts that are still on-going as at 1 January 2018 have been accounted for as if they had been recognised in accordance with AASB 15 at the commencement of contract.

The Group determined the impact of the new standard by analysing its customer contracts in each of the Group’s revenue streams described in Note 3, having regard to the requirements of AASB 15 comparing the Group’s accounting policies and practices and identify potential differences. Some of the key issues considered were the timing and amount of the recognition of deferred revenue for prepaid bump credits (a 'bump' is a product which promotes a listing); the estimates and judgements involved in accounting for bundled products comprising listings and bump credits based on their stand-alone selling price; and identifying the principal versus agent relationship where the Group arranges the sale of third party warranty, finance and insurance products.

Based on this analysis the impact on the recognition and measurement of revenue and costs on the adoption of AASB 15 at 1 January 2018 is nil.

AASB 15 does however require the Group to include in the financial statements certain additional information in respect of the Group’s revenue streams. These disclosures are included in Note 3. Further, AASB 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe the balances historically termed ‘accrued revenue’ and ‘deferred revenue’ by the Group. The Group has adopted the terminology used in AASB 15 to describe such balances.

(ii) Adoption of AASB 9 Financial Instruments (‘AASB 9’)

The Group has applied AASB 9 from 1 January 2018. The impact of the new standard on the Group relates to application of the forward-looking ‘expected credit loss’ model for assessing the impairment of the Group’s trade receivables as well as the new requirements in AASB 9 for the classification of financial assets as being measured at amortised cost, fair value through other comprehensive income (‘FVOCI’) or fair value through profit or loss (‘FVTPL’).

Based on past performance, and future expectations of continued minimal bad debts due to the tight monitoring by management there was no financial impact from the adoption of the expected credit loss model at 1 January 2018.

The Group does not currently undertake any hedging activities and does not have any financial liabilities designated as measured at FVTPL. Therefore the new AASB 9 requirements relating to these areas do not impact the Group.

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

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

(iii) Adoption of 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment

The Group has applied 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment from 1 January 2018. This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The Group has not undertaken the types of share-based payment transactions to which the new requirements apply and therefore this is no impact on the financial position or performance of the Group in the current period.

2.4 Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial report, the following Australian Accounting Standards and Interpretations relevant to the Group have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2018.

(i) AASB 16 Leases ('AASB 16')

AASB 16 is applicable to the Group from 1 January 2019. 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.

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 it will impact the statement of financial position. The operating lease rental expense 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. Revenue from contracts with customers

A. Significant Accounting Policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Due to the short-term nature of advances from customers, there is no financing component. Incremental costs to obtain contracts, such as sales commissions, are expensed as incurred given the short-term nature of the Group's customer contracts.

B. Nature of product/service and its recognition method

Products and Services		Nature, timing of satisfaction of performance obligations and significant payment terms
Used Car	Classifieds	(a) Subscription revenue Customers (car sellers) pay a subscription fee to have access to iCar's websites to advertise cars for sale. Subscription periods are typically for 6 or 12 months and are paid upfront by the customer. Prepaid subscription revenue is initially recognised as a contract liability in the statement of financial position and is recognised as revenue on a straight line basis over time over the term of the subscription agreement contract. (b) Depth credits revenue Depth credits allow a customer to enhance the visibility of their car sale listing on iCar's websites by 'bumping' their advertisement higher up the search listing on the site. Depth credits are paid for upfront and are able to be used by the customer for a specified period of time before expiry. The expiry period ranges from 4 to 24 weeks. Prepaid depth credit revenue is recognised as a contract liability on the balance sheet and is recognised as revenue upon the usage of depth credits.
	Auctions commissions	Customers (car sellers) list cars for sale by way of buyer auction facilitated by iCar's websites. For facilitating the auction on our websites, iCar earns an auction commission from the car seller based on a percentage of the sale price of the car. Auction commissions are recognised as revenue upon notification of 'car delivery' to the buyer by the seller.
	Commissions	Commissions are earned by iCar in relation to the sale of warranty, inspection and private seller service. In these arrangements, iCar acts as agent not principal, as iCar does not control the services before they are transferred to the customer. (i) Warranty: Commission revenue is recognised upon the warranty issued. (ii) Inspection: Commission revenue is recognised upon the inspection report issued. (iii) Private seller service: Commission revenue is recognised upon successful title transferred to buyer.

3. Revenue from contracts with customers (continued)

<table>
<tr><th colspan="2">Products and Services</th><th>Nature, timing of satisfaction of performance obligations and significant payment terms</th></tr>
<tr><td rowspan="3">New Car</td><td>Media</td><td>Automotive and non-automotive customers promote their companies using on-site banner, video placement, electronic direct mail or via the use of ‘advertorial’ written or video content.
Revenue is recognised:
• on a straight line basis according to the proportion of the period of the campaign that has elapsed. Invoices paid prior to the completion of the project will be initially recognised as a contract liability in the statement of financial position and recognised on a straight line basis as the services are delivered;
• on the delivery of such product or if the date of posting onto an iCar website if that is also a condition of the contract;
• on mailing / posting completion.</td></tr>
<tr><td>Events</td><td>iCar holds physical automotive events for one manufacturer or a multi-brand event including parts, accessories and ancillary services.
For the purposes of allocating event consideration between performance obligations, the standalone selling price of the floor space / services at the event ('booth space') is estimated on a cost plus standard margin basis whereby the larger the booth space, the cheaper the per square metre price.
Booth space revenue is recognised when the event takes place.
Revenue in relation to online media services before and after the event is recognised according to when the service is provided. The allocation of the consideration is estimated using the media rate card for media customers on a stand alone basis.</td></tr>
<tr><td>New Car Dealers</td><td>(a) Subscription revenue
Dealers pay a subscription fee to have access to iCar’s websites to advertise cars for sale. Subscription periods are typically for 6 or 12 months and are paid upfront by the dealers. Prepaid subscription revenue is initially recognised as a contract liability in the statement of financial position and is recognised as revenue on a straight line basis over time over the term of the subscription agreement contract.

(b) Lead Revenue
Dealers pay for lead packets generated by iCar’s websites that they may use to pursue and close out a new car sale transaction. Prepaid lead credits are paid for upfront and are able to be used by the dealer for a specified period of time before expiry. The expiry period ranges from 3 months to 6 months. Prepaid lead revenue is recognised as a contract liability on the balance sheet and is recognised as revenue as and when the credit is used by dealers to purchase lead packets.</td></tr>
</table>

3. Revenue from contracts with customers (continued)

C. Disaggregation of revenue

In the following table, revenue is disaggregated by major products/services and primary geographical market.

Segments	30 June 18 $	30 June 17 $
Type of service		
Used Cars	3,153,391	2,332,287
New Cars	1,854,936	2,150,294
Total revenue from contracts with customers	5,008,327	4,482,581
Geographical markets		
Malaysia	2,387,528	2,287,360
Thailand	2,172,449	1,891,979
Indonesia	448,350	303,242
Total revenue from contracts with customers	5,008,327	4,482,581
Timing of revenue recognition		
Services transferred at a point in time:		
Used Cars	2,289,030	1,561,792
New Cars	93,168	12,482
Services transferred over time:		
Used Cars	864,361	770,495
New Cars	1,761,768	2,137,812
Total revenue from contracts with customers	5,008,327	4,482,581

D. Contract Balances

The following table provides information about receivables, contract assets and contract liabilities with customers.

	30 June 18 $	30 June 17 $
Trade receivables	1,247,456	967,900
Contract Liabilities	2,209,308	914,974

4. 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 comprise Malaysia, Thailand and Indonesia. No operating segments have been aggregated to form the below reportable segments.

4. Segment information (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 - June 2018	Malaysia $	Indonesia $	Thailand $	Unallocated $	Total $
Revenue					
Sales	2,387,528	448,350	2,172,449	-	5,008,327
Total sales revenue	2,387,528	448,350	2,172,449	-	5,008,327
Operating expenses	(2,548,471)	(2,171,743)	(2,598,631)	(3,418,843)	(10,737,688)
Loss before Interest, tax, depreciation and amortisation	(160,943)	(1,723,393)	(426,182)	(3,418,843)	(5,729,361)
Depreciation and amortisation	(49,040)	(25,437)	(32,359)	(1,044,468)	(1,151,304)
Interest income	3,479	129	66	173,465	177,139
Interest expense	-	-	-	(2,500)	(2,500)
Loss before income tax expense	(206,504)	(1,748,701)	(458,475)	(4,292,346)	(6,706,026)
Income tax expense					(27,392)
Loss after income tax expense					(6,733,418)
Assets					
Segment assets	3,729,448	2,057,202	21,836,642	19,940,882	47,564,174
Total assets					47,564,174
Liabilities					
Segment liabilities	1,904,810	1,218,738	1,971,461	794,994	5,890,003
Total liabilities					5,890,003

4. Segment information (continued)

Operating segment information (continued)

Consolidated - June 2017	Malaysia $	Indonesia $	Thailand $	Unallocated $	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

5. Cash, cash equivalents and investments

	30 June 18 $	**31 Dec 17 $**
Cash at bank	2,122,534	1,881,208
Cash on deposit	8,102,652	14,596,087
Cash and cash equivalents	10,225,186	16,477,295
Investments (term deposits)	5,000,000	5,000,000
	15,225,186	**21,477,295**

6. Significant balances

Intangibles Summary	30 June 18 $	31 Dec 17 $
Autospinn.com website (Thailand)	372,865	397,865
One2Car.com brand (Thailand)	2,390,468	2,295,672
One2Car.com customer base (Thailand)	612,382	705,716
Intangibles- Customer Relationship Management platform	2,585,312	2,481,121
Intangibles- Websites and App development	3,029,370	2,474,842
Intangibles- Other	98,925	104,706
	9,089,322	**8,459,922**

Autospinn.com carrying value is amortised over 10 years. 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. 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 2017.

Goodwill Summary	30 June 18 $	31 Dec 17 $
Malaysian cash generating unit	1,863,935	1,754,001
Thailand cash generating unit	16,578,740	15,921,288
	18,442,675	**17,675,289**

Impairment testing of goodwill and indefinite life intangibles

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 2017.

Macro-economic conditions in iCar's markets have improved and competitor activity has subsided in the current period compared to 2017. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2018, 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 reasonably possible changes in assumptions is an indicator of impairment for both CGUs, and therefore has performed an impairment test for the Malaysian CGU and Thailand CGU as at 30 June 2018.

6. Significant balances (continued)

Malaysia CGU

The Group used the CGU's value-in-use valuation to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the 5 year plan assumptions and a pre-tax discount rate of 14.2% (2017: 14.2%) was applied. A long term growth rate of 3% (2017: 3%) was used to extrapolate year 5 cash flows. Management have prepared scenarios to consider the effect of changes in growth rates, discount rate and terminal growth rates.

The recoverable amount of the Malaysian CGU is greater than the carrying value as at 30 June 2018. Variations to the key assumptions used to determine the recoverable amount would result in a change in the assessed recoverable amount. If the variation in assumptions has a negative impact on recoverable amount it could indicate a requirement for an impairment expense.

The recoverable amount of the Malaysian CGU was tested for sensitivity using reasonably possible changes in key assumptions. If in isolation the revenue growth rate decreased by 28% per annum over the 5 year forecast period then the recoverable amount would be equal to the carrying amount of the Malaysian CGU at 30 June 2018. 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 future macro-economic and consumer confidence in Malaysia, the current year performance of the CGU versus Budget and the business plans in place, it is not considered that an impairment exists as at 30 June 2018.

Thailand CGU

The Group used the CGU’s value-in-use valuation to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the 5 year plan assumptions and a pre-tax discount rate of 13.2% (2017: 13.2%) was applied. A long term growth rate of 3% (2017: 3%) was used to extrapolate year 5 cash flows. Management have prepared scenarios to consider the effect of changes in growth rates, discount rate and terminal multiples.

The recoverable amount of the Thailand CGU is greater than the carrying value as at 30 June 2018. Variations to the key assumptions used to determine the recoverable amount would result in a change in the assessed recoverable amount. If the variation in assumptions has a negative impact on recoverable amount it could indicate a requirement for an impairment expense.

The recoverable amount of the Thailand CGU was tested for sensitivity using reasonably possible changes in key assumptions. If in isolation the revenue growth rate decreased by 14% per annum over the 5 year forecast period then the recoverable amount would be equal to the carrying amount of the Thailand CGU at 30 June 2018. 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 future macro-economic and consumer confidence in Thailand, the current year performance of the CGU versus Budget and the business plans in place, it is not considered that an impairment exists as at 30 June 2018.

7. Dividends

No dividends have been paid, declared or recommended during the six months ended 30 June 2018 (30 June 2017: nil).

8. Contributed equity

During the half-year reporting period, the Group issued 4,827,627 (30 June 2017: 1,266,915) ordinary shares at a value of $1,189,282 (30 June 2017: $517,645).

3,379,415 (30 June 2017: 1,266,915) ordinary shares were issued to executives and directors as share based payments with a value of $898,740 (30 June 2017: $517,645) attributed to equity. This compares to an accrual in the prior period of $936,816 (30 June 2017: $856,820).

1,418,212 (30 June 2017: nil) options were exercised during the period with a value of $283,642 (30 June 2017: nil) attributed to equity.

9. Share based payments

On 22 February 2018, the Group issued certain key management personnel with share appreciation rights as replacements awards under the existing executive variable remuneration plan for additional incentives and options. The existing Long Term Incentive plan is not affected by this new scheme and will run as per respective service agreements of key management personnel.

The awarding of the entitlements is based on exceeding a specified share price hurdle in any of the three observation periods (2018, 2019 and 2020). The number of entitlements will be based on the Volume Weighted Average Price of the Group's share price in the December of the relevant observation period. The entitlements also contain vesting conditions based on a required service period for each observation period end and vest 60% in the January following the observation period and 40% in the January twelve months thereafter.

For the six months ended 30 June 2018, the Group has recognised $614,763 of share based-payments transactions expense in the statement of comprehensive income (30 June 2017: $318,632).

10. Acquisitions and disposal of assets

There were no significant acquisitions or disposals of assets during the six months ended 30 June 2018 (2017: nil).

11. Shareholder loan

The Group entered into a $5.0 million loan facility ('Facility') with Catcha Group Pte Ltd in November 2017 subject to shareholder approval which was granted at the Company's 2018 Annual General Meeting on 25 May 2018.

The terms of the Facility were disclosed in the annual consolidated financial statements for the year ended 31 December 2017.

12. Contingent claims and liabilities

Various claims arise in the ordinary course of business against iCar Asia Limited and its Controlled Entities. There has been no significant change in status of claims at 30 June 2018 and the Directors believe that any resulting liability would not materially affect the financial position of the Group.

13. 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.

Building a better working world

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Independent Auditor's Review Report to the Members 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 2018, 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 2018 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

Ernst & Young

BJ Pollock
Partner
Melbourne
22 August 2018

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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/