iCar Asia Limited

ACN 157 710 846

Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 30 June 2019

Statutory Financial Results	**Jun-19 $000**	**Jun-18 $000**	**Movement $000**	**Change**
Revenues from ordinary operations	6,010	5,008	1,002	20%
Loss from ordinary activities after tax attributable to members	(5,636)	(6,733)	1,097	16%
Loss after tax attributable to members	(5,636)	(6,733)	1,097	16%
Earnings before interest, tax, depreciation, amortisation and equity incentives (EBITDAE)	(3,689)	(5,729)	2,040	36%
Receipts from customers	10,061	6,353	3,708	58%
Net cash used in operating activities	(3,539)	(6,130)	2,591	42%
Net cash used in investing activities	(520)	(354)	(166)	(47%)
	<u>**Cents**</u>	<u>**Cents**</u>		
Loss per Share (basic & diluted)	(1.45)	(1.78)	0.33	19%
NTA per Share	2.64	3.70	(1.06)	(29%)

Pro Forma Financial Results	**Jun-19 $000**	**Jun-18 $000**	**Movement $000**	**Change**
Revenues from ordinary operations	6,010	5,008	1,002	20%
Loss from ordinary activities after tax attributable to members	(5,636)	(6,733)	1,097	16%
Loss after tax attributable to members	(5,636)	(6,733)	1,097	16%
Earnings before interest, tax, depreciation, amortisation and equity incentives (EBITDAE)	(2,750)	(5,114)	2,364	46%

Pro forma financial results have been calculated to exclude employee equity incentive expenses for the current reporting period. Equity incentive expenses have been excluded to more clearly represent the Group's underlying earnings given these are a non-cash items whose primary economic impact is issued capital dilution if and when shares are issued.

The following table reconciles the statutory result to pro forma financial results for the period ended 30 June 2019 (noting that this financial information has not been audited in accordance with Australian Auditing Standards):

Half year ended 30 June 2019 $'000	**Sales**	**EBITDA**	**NPAT**
Statutory results	**6,010**	**(3,689)**	**(5,636)**
Employee equity incentive expense	-	**939**	-
Tax impact from underlying adjustments	-	-	-
Pro forma results	**6,010**	**(2,750)**	**(5,636)**

[1] The adjustment removes the portion of directors' remuneration paid in shares, short term incentive plan (STI), long term incentive plan (LTI), option plan and long term value creation plan (LTVC) expense incurred during the period ended June 2019.

The following table reconciles the statutory result to pro forma financial results for the period ended 30 June 2018 (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards):

Half year ended 30 June 2018 $'000	**Sales**	**EBITDA**	**NPAT**
Statutory results	**5,008**	**(5,729)**	**(6,733)**
Employee equity incentive expense	-	**615**	-
Tax impact from underlying adjustments	-	-	-
Pro forma results	**5,008**	**(5,114)**	**(6,733)**

[1] The adjustment removes the portion of directors' remuneration paid in shares, short term incentive plan (STI), long term incentive plan (LTI), option plan and long term value creation plan (LTVC) expense incurred during the period ended June 2018.

Dividends

iCar Asia Limited does not propose to pay a dividend for this reporting period (2018: 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 2018 Annual Financial Report.

For and on behalf of the Board

Georg Chmiel
Executive Chairman
21 August 2019

iCar Asia Limited and Controlled Entities

ACN 157 710 846

Financial Report

for the half year ended 30 June 2019

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 2019.

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)

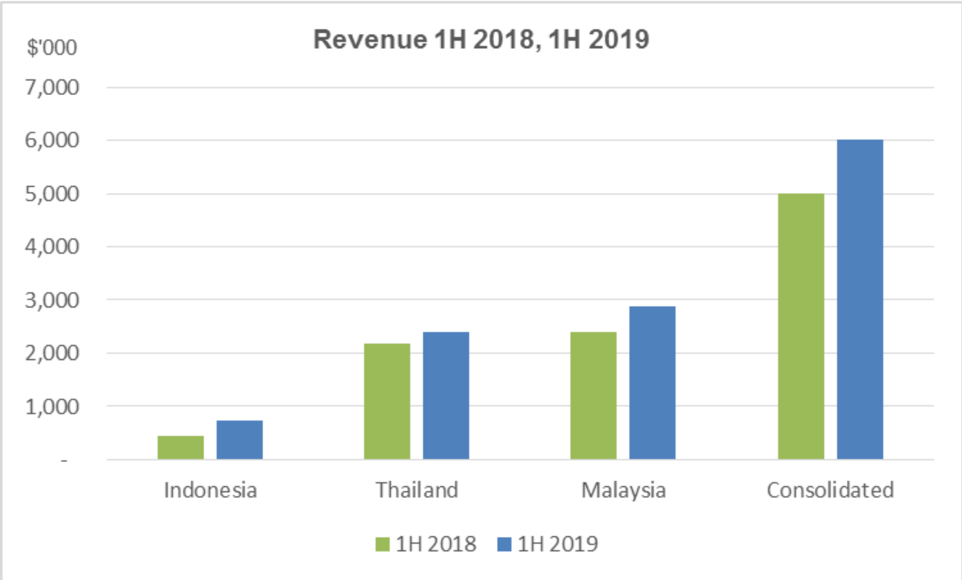
Principal Activities

The principal activities of the Group during the financial year were the development and operation of internet based automotive portals in South East Asia. There was no significant change in the nature of activities during the financial period.

Financial Performance

Strong revenue growth of 20% year on year across all markets

The Group's strong operating performance continued in the first half of 2019 underpinned by solid revenue growth. The Group generated $6.01m in revenue (first half of 2018: $5.01m). This represents year on year growth of 20% with all three countries of operation delivering positive growth in the period.



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

Financial Performance (continued)

Used Cars Business

The Used Cars business registered 22% revenue growth year on year to $3.84m (first half of 2018: $3.15m). All 3 countries continued to record growth in online classifieds that remained the main revenue contributor for the Group. This was achieved amidst the one-off factors that caused business disruption including elections in Thailand and Indonesia, with Thailand further impacted by the coronation of the King of Thailand in Q2.

The Group's Used Car auction business continued to grow in 2019. As this business is in a relatively early stage of development, the Group expects the auction business to contribute more significantly in the second half of 2019.

New Cars Business

Revenue from New Cars grew by 17% to $2.17m (first half of 2018: $1.85m) which was impacted more heavily in Thailand and Indonesia by the one-off factors previously outlined. With its strong brand presence in all 3 countries, the platform remains the preferred choice for automotive players in the region for their advertising needs.

The Group rolled out the New Cars dealer solution across all three countries towards the end of 2018 that will provide a full complement of products to new car dealers and automotive brands. The Group continues to progress this business in 2019 and expect this to be a more significant contributor going forward.

Effective cost management

Operating expenses (excluding depreciation and amortisation) decreased by 10% in the first half of 2019 to $9.70m (first half of 2018: $10.74m). This was achieved by effective cost management through optimisation of marketing expenses, lower employment and administrative expenses and reclassification of lease rental of $0.3m to depreciation and amortisation expenses following the adoption of new accounting standard AASB 16 Leases.

The Group incurred an EBITDA loss for the half year of $3.69m (first half of 2018: $5.73m), a substantial $2m reduction, representing a 36% improvement on the prior corresponding period as a result of higher revenue and lower expenses.

Operating Performance Highlights

The Group delivered operating metrics growth in all markets including the following:

- MALAYSIA Audience increased by 23% compared to the prior corresponding period. Total leads remained steady. Number of paid accounts increased by 16% compared to June 2018, indicating minimum churn from the price increases introduced in April 2019.

- THAILAND Audience and leads marginally improved by 14% and 15% compared to Q1 2019 although were down on the prior corresponding period. These were both subject to the one-off impact of the general election in late March/early April and the period leading up to the coronation of the King of Thailand in early May. Account volumes remained at the same levels as Q4 2018 while listings showed an increase of 18% year on year in June 2019.

- INDONESIA Audience and leads marginally increased by 1% and 3% respectively on the prior corresponding period despite being impacted by the general election in mid-April and subsequent brief period of instability following the official announcement of election results in early May and also the Eid celebrations in June. Listings decreased 6% on the prior corresponding period in line with expectations as free listings continue to be restricted.

Operating Environment and Opportunities

In 2H 2019 the focus will be to continue to grow the momentum in the core business areas of Used Cars classifieds and New Cars media and scaling up of new business areas of Used Car auctions and New Car dealers businesses. The events business is expected to contribute to further growth with a number of sizeable events scheduled in 2H 2019.

Non-IFRS measures

The Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures". Non-IFRS measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and are not a substitute for those measures. Non-IFRS financial measures and pro forma results and measures are intended to provide shareholders additional information to enhance their understanding of the performance of the consolidated entity.

Non-IFRS financial measures that are referred to in this report are as follows:

Non-IFRS financial measure	Definition
EBITDA	Earnings before interest, tax, depreciation and amortisation expenses. Eliminates non-cash charges for depreciation and amortisation.

Pro forma financial results

Pro forma financial results have been calculated to exclude employee equity incentive expenses for the current reporting period. Equity incentive expenses have been excluded to more clearly represent the consolidated entity's underlying earnings given this is a non-cash item whose primary economic impact is issued capital dilution if and when shares are issued.

The following table reconciles the statutory result to pro forma financial results for the period ended 30 June 2019 (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards):

Half year ended 30 June 2019 $'000	**Sales**	**EBITDA**	**NPAT**
Statutory results	**6,010**	**(3,689)**	**(5,636)**
Employee equity incentive expense	-	**939**	-
Tax impact from underlying adjustments	-	-	-
Pro forma results	**6,010**	**(2,750)**	**(5,636)**

[1] The adjustment removes the portion of directors' remuneration paid in shares, short term incentive plan (STI), long term incentive plan (LTI), option plan and long term value creation plan (LTVC) expense incurred during the period ended June 2019.

Pro forma financial results (continued)

The following table reconciles the statutory result to pro forma financial results for the period ended 30 June 2018 (noting that this financial information has not been reviewed in accordance with Australian Auditing Standards):

Half year ended 30 June 2018 $'000	Sales	EBITDA	NPAT
Statutory results	**5,008**	**(5,729)**	**(6,733)**
Employee equity incentive expense	-	**615**	-
Tax impact from underlying adjustments	-	-	-
Pro forma results	**5,008**	**(5,114)**	**(6,733)**

[1] The adjustment removes the portion of directors' remuneration paid in shares, short term incentive plan (STI), long term incentive plan (LTI), option plan and long term value creation plan (LTVC) expense incurred during the period ended June 2018.

Dividends

The Group does not propose to pay a dividend for this reporting period (2018: 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 5 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
21 August 2019

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

As lead auditor for the review of the financial report of iCar Asia Limited for the half-year ended 30 June 2019, 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
21 August 2019

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 2019 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 2019 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
21 August 2019

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2019

		Consolidated	
		2019	**2018**
	Note	**$**	**$**
Revenue from contracts with customers	3	6,010,064	5,008,327
Expenses			
Administration and related expenses		(1,008,824)	(1,193,602)
Advertising and marketing expenses		(2,480,356)	(3,056,051)
Employment related expenses		(5,529,924)	(5,625,071)
Premises and infrastructure expenses		(642,863)	(842,065)
Production costs		(37,184)	(20,899)
Depreciation and amortisation expense		(1,695,501)	(1,151,304)
Operating loss		(5,384,588)	(6,880,665)
Interest income		50,612	177,139
Interest expense		(262,296)	(2,500)
Loss before tax		(5,596,272)	(6,706,026)
Income tax (expense)/benefit		(40,104)	(27,392)
Loss after income tax expense for the period attributable to the owners of iCar Asia Limited and Controlled Entities		(5,636,376)	(6,733,418)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Exchange differences on translation of foreign operations		1,095,739	1,130,320
Other comprehensive income for the year (net of tax)		1,095,739	1,130,320
Total comprehensive loss for the period attributable to the owners of iCar Asia Limited and Controlled Entities		(4,540,637)	(5,603,098)

	Cents	Cents
Earnings per share	**Cents**	**Cents**
Basic loss per share	(1.45)	(1.78)
Diluted loss per share	(1.45)	(1.78)

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 2019

	Note	Consolidated 30 Jun 2019 $	Consolidated 31 Dec 2018 $
Assets			
Current assets			
Cash and cash equivalents	5	6,380,903	9,531,721
Investments (term deposits)	5	6,500,000	-
Trade and other receivables		1,161,932	1,387,490
Other assets		2,854,844	2,611,232
Total current assets		**16,897,679**	**13,530,443**
Non-current assets			
Property, plant and equipment		544,126	658,976
Right-of-use assets		1,088,400	-
Intangibles	6	9,555,945	9,449,734
Goodwill	6	20,801,105	19,656,770
Other non-current assets		151,382	27,491
Total non-current assets		**32,140,958**	**29,792,971**
Total assets		**49,038,637**	**43,323,414**
Liabilities			
Current liabilities			
Trade and other payables		2,330,941	2,790,650
Contract liabilities	3	2,229,827	1,307,912
Lease liabilities		535,953	-
Provisions		1,284,837	1,786,672
Total current liabilities		**6,381,558**	**5,885,234**
Non-current liabilities			
Provisions		451,378	416,677
Lease liabilities		652,364	-
Total non-current liabilities		**1,103,742**	**416,677**
Total liabilities		**7,485,300**	**6,301,911**
Net assets		**41,553,337**	**37,021,503**
Equity			
Issued capital		132,061,612	123,656,458
Reserves		(5,109,862)	(6,792,364)
Accumulated losses		(85,398,413)	(79,842,591)
Total equity		**41,553,337**	**37,021,503**

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 2019 (Restated)	123,656,458	2,324,146	(10,965,292)	1,848,782	(79,762,037)	37,102,057
Loss after income tax expense for the period	-	-	-	-	(5,636,376)	(5,636,376)
Other comprehensive income for the period, net of tax	-	1,095,739	-	-	-	1,095,739
Total comprehensive income for the period	-	1,095,739	-	-	(5,636,376)	(4,540,637)
Transactions with owners in their capacity as owners						
41,768,763 shares issued during the period	8,435,066	-	-	(760,603)	-	7,674,463
Transaction costs (net of tax)	(29,912)	-	-	-	-	(29,912)
Shares to be issued in lieu of directors' remuneration	-	-	-	137,500	-	137,500
Executive variable remuneration	-	-	-	801,866	-	801,866
Options for loan facility	-	-	-	408,000	-	408,000
Balance at 30 June 2019	132,061,612	3,419,885	(10,965,292)	2,435,545	(85,398,413)	41,553,337

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 equity
For the six months ended 30 June 2019

	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)
Shares to be issued in lieu of directors' remuneration	-	-	-	110,000	-	110,000
Shares 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

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 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers		10,060,926	6,352,800
Payments to suppliers and employees		(13,578,373)	(12,662,690)
		(3,517,447)	(6,309,890)
Interest received		53,343	179,538
Interest paid		(74,921)	-
Net cash used in operating activities		(3,539,025)	(6,130,352)
Cash flows from investing activities			
Payments for property, plant and equipment		(33,650)	(113,412)
Payments for intangibles		(486,022)	(240,294)
Net cash used in investing activities		(519,672)	(353,706)
Cash flows from financing activities			
Proceeds from issue of shares		7,674,586	283,642
Share issue transaction costs		(25,594)	(51,693)
Payment of lease liability		(241,113)	-
Net cash used in financing activities		7,407,879	231,949
Net increase/ (decrease) in cash, cash equivalents and investments		3,349,182	(6,252,109)
Cash, cash equivalents and investments at the beginning of the period		9,531,721	21,477,295
Cash, cash equivalents and investments at the end of the period	**5**	**12,880,903**	**15,225,186**

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 2019 were authorised for issue in accordance with a resolution of the directors on 20 August 2019.

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 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 consolidated annual financial statements as at 31 December 2018.

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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 believes 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)

2.2 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 2018, except for the adoption of new standards and interpretations noted below.

(i) Adoption of AASB 16 Leases ('AASB 16')

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 2.2 (i) (a) below.

The Group has adopted AASB 16 using the modified retrospective method from 1 January 2019, and has not restated comparatives for the 2018 reporting period, as required under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised from 1 January 2019.

The Group used the recognition exemptions permitted by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and do not contain a purchase option, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment that are considered of low value.

(a) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from 1 January 2019:

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment. It also applies the lease of low-value assets (below $10,000) recognition exemption to leases of office equipment that are to be considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(b) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The rate applied to the lease liabilities on 1 January 2019 for Malaysia, Thailand and Indonesia were 12%.

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if AASB 16 had always been applied. The Group applied the practical expedient to rely on its assessment that there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	$
Operating lease commitments as at 1 January 2019	1,111,220
Weighted average incremental borrowing rate as at 1 January 2019	12%
Operating lease commitments as at 1 January 2019	962,151
Less:	
Commitments relating to short-term leases	(20,879)
Add:	
Optional extension periods not included in lease commitments as at 31 December 2018	436,910
Operating lease commitments as at 1 January 2019	1,378,182

Impact on the statement of financial position as at 1 January 2019:

	$
Right-of-use assets	1,297,629
Accumulated losses	80,553
Lease liabilities	(1,378,182)

Amount recognised in the statement of financial position and statement of comprehensive income

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the period:

	Right-of use assets Property $	Lease liabilities $
As at 1 January 2019	1,297,629	1,378,182
Depreciation expense	(256,023)	-
Interest expense	-	74,921
Payments	-	(316,034)
Foreign currency translation difference	46,794	51,248
As at 30 June 2019	1,088,400	1,188,317

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

In addition to the depreciation expense and interest expense disclosed above, the Group recognised rent expense from short-term leases of $19,946 and leases of low-value assets of $14,208 for the six months ended 30 June 2019. The total amount recognised in profit or loss is $34,153.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- relied on its assessment of whether the leases are onerous immediately before the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not the reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(c) The Group's leasing activities and how these are accounted for

The Group leases offices, warehouse and office equipment. Rental contracts are typically for period of 1 to 4 years.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

(d) Significant judgement in determining the lease term of contracts

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, it if is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the rental. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in management decision that is within its control and affects its ability to exercise the option to renew.

(ii) Adoption of AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* ('AASB 112') and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

3. Revenue from contracts with customers

A. Disaggregation of revenue

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

Segments	30 June 19 $	30 June 18 $
Type of service		
Used Cars	3,839,932	3,153,391
New Cars	2,170,132	1,854,936
Total revenue from contracts with customers	6,010,064	5,008,327
Geographical markets		
Malaysia	2,881,074	2,387,528
Thailand	2,394,849	2,172,449
Indonesia	734,141	448,350
Total revenue from contracts with customers	6,010,064	5,008,327
Timing of revenue recognition		
Services transferred at a point in time:		
Used Cars	2,650,170	2,289,030
New Cars	40,896	93,168
Services transferred over time:		
Used Cars	1,189,762	864,361
New Cars	2,129,236	1,761,768
Total revenue from contracts with customers	6,010,064	5,008,327

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. Consistent with information presented for internal executive management reporting purposes, the result of each segment is measured based on earnings before interest, tax, depreciation and amortisation ('EBITDA').

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.

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.

4. Segment information (continued)

Operating segment information

Consolidated - June 2019	Malaysia $	Indonesia $	Thailand $	Unallocated $	Total $
Revenue					
Revenue from external customers	2,881,074	734,141	2,394,849	-	6,010,064
Operating expenses	(2,444,911)	(1,541,115)	(2,265,258)	(3,447,867)	(9,699,151)
Profit/ (Loss) before Interest, tax, depreciation and amortisation	436,163	(806,974)	129,591	(3,447,867)	(3,689,087)
Depreciation and amortisation	(122,404)	(78,866)	(139,841)	(1,354,390)	(1,695,501)
Interest income	5,750	108	84	44,670	50,612
Interest expense	(10,682)	(11,823)	(40,841)	(198,950)	(262,296)
Profit/ (Loss) before income tax expense	308,828	(897,555)	(51,007)	(4,956,537)	(5,596,272)
Income tax expense					(40,104)
Loss after income tax expense					(5,636,376)
Assets					
Segment assets	4,741,971	2,350,622	24,877,173	17,068,872	49,038,638
Total assets					49,038,638
Liabilities					
Segment liabilities	2,237,113	1,729,864	2,479,686	1,038,638	7,485,301
Total liabilities					7,485,301

4. Segment information (continued)

Operating segment information (continued)

Consolidated - June 2018	Malaysia $	Indonesia $	Thailand $	Unallocated $	Total $
Revenue					
Revenue from external customers	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

5. Cash, cash equivalents and investments

	30 June 19 **$**	**31 Dec 18** **$**
Cash at bank	3,880,903	2,426,351
Cash on deposit	2,500,000	7,105,370
Cash and cash equivalents	6,380,903	9,531,721
Investments (term deposits)	6,500,000	-
	12,880,903	**9,531,721**

6. Significant balances

Intangibles Summary	30 June 19 $	31 Dec 18 $
Autospinn.com website (Thailand)	330,326	354,929
One2Car.com brand (Thailand)	2,722,821	2,559,918
One2Car.com customer base (Thailand)	418,513	524,632
Intangibles- Customer Relationship Management platform	2,233,599	2,478,679
Intangibles- Websites and App development	3,755,679	3,437,191
Intangibles- Other	95,007	94,385
	9,555,945	**9,449,734**

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 2018.

Goodwill Summary	30 June 19 $	31 Dec 18 $
Malaysian cash generating unit	1,917,385	1,902,842
Thailand cash generating unit	18,883,720	17,753,928
	20,801,105	**19,656,770**

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 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.

Macro-economic conditions in iCar's markets have improved and competitor activity has subsided in the current period compared to 2018. 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 2019, 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 2019. There are no indicators of impairment for the Indonesia CGU.

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% (2018: 14.2%) was applied. A long term growth rate of 3% (2018: 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 2019. 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 41% 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 2019. No other reasonable possible changes in assumptions that would result in an impairment were identified by management.

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% (2018: 13.2%) was applied. A long term growth rate of 3% (2018: 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 2019. 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 20% 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 2019. No other reasonable possible changes in assumptions that would result in an impairment were identified by management.

7. Dividends

No dividends have been paid, declared or recommended during the six months ended 30 June 2019 (30 June 2018: nil).

8. Contributed equity

During the reporting period, the Group issued 41,768,763 (30 June 2018: 4,827,627) ordinary shares at a value of $8,435,066 (30 June 2018: $1,189,282).

3,396,448 (30 June 2018: 3,379,415) ordinary shares were issued to executives and directors as share based payments with a value of $760,603 (30 June 2018: $898,740) attributed to equity. This compares to an accrual in the prior period of $1,261,261 (30 June 2018: $936,816).

38,372,315 (30 June 2018: 1,418,212) options were exercised during the period with a value of $7,674,463 (30 June 2018: $283,642) attributed to equity.

9. Share based payments

Executive variable remuneration

Long term incentive plan (LTI)

The Group has established a long term incentive plan (referred to hereafter as the 'Plan'). The Plan is part of the Group's remuneration strategy and is designed to align the interests of management and shareholders and assist the Group in the attraction, motivation and retention of executives. In particular, the Plan is designed to provide relevant executives with an incentive for future performance and encouraging those executives to remain with the Group. LTI payments are made to participating key employees depending on the extent to which specific targets set at the beginning of the plan are met. The targets relate to the earnings of the company, achievement of other KPIs aligned to the individual's specific business function and staff remaining in employment.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The Group does not have a past practice of cash settlement for these awards.

Options plan

With the same objective of the LTI Plan, certain recent key employees have been awarded iCar Asia Limited share options.

Options granted to certain key management personnel were replaced by the Long Term Value Creation scheme in financial year 2018.

Long Term Value Creation (LTVC)

The Group has established the long term value creation scheme (referred to hereafter as 'LTVC'). The purpose of the LTVC scheme is to reward the value creation developed by the executives in driving growth in the business. The LTVC scheme is based on exceeding a specified share price hurdle of $0.30 in any of the three observation periods (2018, 2019 and 2020). The entitlement will be paid in shares in iCar Asia Limited and the number of entitlements will be based on the Volume Weighted Average Price of the Group's share price exceeding the baseline share price of $0.18 in the December of the relevant observation period. Each executive will receive a share of the value created, which is calculated as the excess of the share price hurdle to the baseline share price multiplied by the number of shares on issue at the end of the relevant observation period.

The fair value of LTVC granted during the six months ended 30 June 2019 was estimated with the following assumptions:

Risk-free interest rate	2.2%
Expected volatility	62%
Dividend yield	0%
Model used	Monte Carlo

9. Share based payments (continued)

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 any new entries granted to the LTVC incentive scheme, the first observation period commences in the financial year in which entry was granted.

For the six months ended 30 June 2019, the Group has recognised $939,366 of share based-payments transactions expense in the statement of comprehensive income (30 June 2018: $614,763).

10. Acquisitions and disposal of assets

There were no significant acquisitions or disposals of assets during the six months ended 30 June 2019 (2018: nil).

11. Financing facility

The Group entered into a 3 year $5.0 million loan facility ('Facility') with Catcha Group Pte Ltd, a related party, in November 2017. Shareholder approval 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 2018. At 30 June 2019, the Facility remains undrawn.

The amortisation of options for the loan facility for the period ended 30 June 2019 is $149,041 (31 December 2018: Nil).

12. 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 2019 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 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 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 2019, 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 30 June 2019 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 2019 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

BJ Pollock
Partner

Melbourne
21 August 2019

iCar Asia Limited and Controlled Entities
Corporate Directory
30 June 2019

Directors	Georg Chmiel (Executive Chairman) Patrick Grove Lucas Elliott Syed Khalil Ibrahim Peter Everingham Richard Kuo
Group Chief Executive Officer	Hamish Stone Hamish.Stone@icarasia.com
Group Chief Financial Officer	Yee Chin Beng chinbeng.yee@icarasia.com
Company Secretary	Hasaka Martin Hasaka.Martin@boardroomlimited.com.au
Registered office	C/O Boardroom Pty Limited Level 12, 225 George Street, Sydney, NSW 2000, Australia Tel. +61 (2) 9290 9600
Principal place of business	Suite 18.01- 3, Level 18, Centerpoint North Tower, Mid Valley City Lingkaran Syed Putra, 59200 Kuala Lumpur Malaysia Tel. +60 (3) 2776 6000 Fax. +60 (3) 2776 6010
Share register	Boardroom Pty Limited Level 12, 225 George Street, Sydney, NSW, Australia, 2000 Tel. +61 (2) 9290 9600 boardroomlimited.com.au
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Stock exchange listing	iCar Asia Limited and Controlled Entities shares are listed on the Australian Securities Exchange (ASX code: ICQ)
Website	www.icarasia.com
Corporate Governance Statement	http://www.icarasia.com/investor-relations/corporate-governance/