

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES
ACN 604 677 796

INTERIM FINANCIAL REPORT
FOR THE 9-MONTH PERIOD ENDED
30 SEPTEMBER 2015

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Interim Financial Report for the 9-month period ended 30 September 2015

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MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Director's Report

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mitula Group Limited ("the Company") and its controlled entities ("the Group"), for the 9-month period ended 30 September 2015 and the Auditor's Review Report.

Directors

The following persons were directors of Mitula Group Limited during the 9-month period and up to the date of this report:

Simon Baker	Independent Non-Executive Chairman
Gonzalo del Pozo	Chief Executive Officer and Executive Director
Gonzalo Ortiz	Independent Non-Executive Director
Joseph Hanna	Independent Non-Executive Director
Sol Wise	Independent Non-Executive Director

Review of Operations

The 9 months ended 30 September 2015 saw strong year on year growth for Mitula Group Limited.

Revenue increased by 93.2% over the previous corresponding period to \$14,873,787 (2014: \$7,700,169). This growth was driven by the organic growth in Mitula Classified S.L. revenues and the addition of revenue for the period 8 May 2015 through 30 September 2015 generated by the acquisition of Lokku Limited.

On a segment basis, all geographical segments delivered strong revenue growth with APAC delivering 279.4% year on year growth (albeit off a relatively low base), the Americas delivering 95.1% growth and EMEA delivering 51.7% growth.

Profit before tax decreased by 33.2% from \$3,927,225 to \$2,624,949. However, when one-off initial public offering related costs of \$3,483,449 are taken into account and reversed from the 30 September 2015 income statement, profit before tax would have been \$6,108,398 - an increase of 55.5% over the previous corresponding period.

Total comprehensive income for the period was \$1,778,736 (2014: \$2,795,095), a decrease of 36.4%. The key driver of this decrease was the one off costs associated with the initial public offering.

Cash flow from operations was \$6,037,081 (2014: \$2,747,032), an increase of 119.8% over the previous corresponding period. As at 30 September 2015, the Mitula Group Limited had \$17,975,963 in cash and cash equivalents.

Significant Changes in State of Affairs

Mitula Group Limited (formerly known as Vertical Search Co. Ltd) was incorporated as a public company limited by shares on 11 March 2015. On 17 April 2015, as a result of a capital reorganization, the Company became the owner of 100% of the issued share capital of Mitula Classified, S.L. (a company incorporated in Spain). The company determined that the capital reorganization of Mitula Classified, S.L. did not represent a business combination as defined by IFRS 3 'Business Combinations'. This is because the reorganization is considered to be a combination of entities under common control which is outside the scope of IFRS 3. As such, the consolidated financial statements reflect the continuation of Mitula Classified financial statements. Accordingly, the results shown are for the 9-month period ended 30 September 2015 including those results of Mitula Classified, S.L. Similarly the comparative results for the 9-month period ended 30 September 2014 represent the operations of Mitula Classified, S.L.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Director's Report

Business combination – Lokku

On 8 May 2015, the Company acquired 100% of the issued share capital of Lokku Limited. The total purchase consideration was approximately \$10.4 million, which has been funded by cash proceeds raised by the Company from the Convertible Notes issued in March 2015 (see note 10) and from its existing cash reserves.

Lokku owns and operates a network of 13 real estate vertical search Websites in 9 countries. These Websites operate under the 'Nestoria', 'FindProperly', 'Bilatu' and 'Gartoo' brands.

This acquisition allowed the Mitula Group to consolidate its presence in the real estate Vertical in nine of the countries in which it operates.

Lokku Limited is considered a subsidiary of Mitula Group Limited and has been consolidated into the Group from 8 May 2015. Refer to note 8 in the Interim Financial Report for further information in relation to the transaction.

Dividends

The distribution of an extraordinary dividend against 2013 results amounting to €0.7 million (\$1.1 million) was approved in a Shareholders meeting dated 24 March 2014. As at 31 December 2014 the total amount of dividends has been paid.

The distribution of an extraordinary dividend against 2014 results amounting to €2.1 million (\$2.9 million) was approved in a Shareholders meeting dated 2 February 2015. As at 30 September 2015 the total amount of dividends has been paid.

Subsequent events

As part of the acquisition agreement Lokku Vendors have the right to purchase newly issued shares pursuant to two separate options (see note 8). The Second Option was executed during October 2015 by Lokku Vendors, who committed a total amount of €1.452 million (approximately \$2.267 million) which represents 3,777,677 shares. The group will issue new shares during the last quarter of the year to cover this option.

As of 30 September 2015 the group has recognised the fair value of the financial assets and liabilities associated with this option.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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Director's Report

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Directors' Report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'S. Baker'.

Simon Baker
Chairman

Dated this 26 November 2015



Auditor's Independence Declaration

As lead auditor for the review of Mitula Group Limited for the period ended 30 September 2015, I declare that 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 Mitula Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S.P. A'.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
26 November 2015

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of comprehensive income For the 9-month period ended 30 September 2015

	Notes	30 September 2015 \$	30 September 2014 \$
Revenue		14,873,787	7,700,169
Cost of sales		(1,848,628)	(727,775)
Gross profit		13,025,159	6,972,394
Human resources expenses		(3,602,521)	(1,772,761)
Operational expenses		(1,411,331)	(525,777)
Technology expenses		(586,185)	(301,206)
Office expenses		(256,004)	(9,131)
Corporate expenses		(2,097,800)	(414,259)
Depreciation and amortisation		(166,925)	(88,230)
Net finance Income / (Expense)		(1,860,696)	9,107
Net exchange rates differences		(418,748)	57,088
Profit before tax		2,624,949	3,927,225
Income tax	7	(1,744,487)	(1,075,724)
Profit for the year		880,462	2,851,501
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		898,274	(56,406)
Income tax relating to items		-	-
Other comprehensive income for the period, net of tax		898,274	(56,406)
Total comprehensive income for the period		1,778,736	2,795,095
Total comprehensive income attributable to owners		1,778,736	2,795,095
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	13	0.48	1.66
Diluted earnings per share	13	0.47	1.66

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated balance sheet

As at 30 September 2015

	Notes	30 September 2015 \$	31 December 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		17,975,963	4,197,373
Trade and other receivables		6,770,703	2,513,051
Financial assets at fair value through profit or loss		-	380,043
Other current assets		217,452	-
Total current assets		24,964,118	7,090,467
Non-current assets			
Property, plant and equipment		838,471	252,704
Goodwill	8	9,442,960	-
Other intangible assets		250,772	-
Investments		-	3,557
Other non-current financial assets		176,852	-
Deferred income tax asset		65,531	-
Total non-current assets		10,774,586	256,261
Total assets		35,738,704	7,346,728
LIABILITIES			
Current liabilities			
Trade and other payables		2,428,308	413,184
Current tax liabilities		1,839,848	1,348,540
Other financial liabilities	8	3,588,793	-
Total current liabilities		7,856,949	1,761,724
Non-current liabilities			
Deferred tax liability		75,660	69,967
Total non-current liabilities		75,660	69,967
Total liabilities		7,932,609	1,831,691
Net assets		27,806,095	5,515,037
EQUITY			
Contributed equity	10	23,546,977	5,121
Other reserves	9	3,313,242	5,462,314
Foreign currency translation reserve		945,876	47,602
Total equity		27,806,095	5,515,037

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of changes in equity For the 9 month period ended 30 September 2015

Consolidated entity	Notes	Contributed equity \$	Reserves \$	Foreign currency translation reserves \$	Total equity \$
Balance at 1 January 2014		5,121	2,652,457	109,273	2,766,851
Profit for the period		-	2,851,500	-	2,851,500
Other comprehensive income		-	1,002	(56,406)	(55,404)
Total comprehensive income for the period		5,121	5,504,959	52,867	5,562,947
Transactions with owners in their capacity as owners:					
Share based payments		-	79,957	-	79,957
Dividends	12	-	(1,069,096)	-	(1,069,096)
Balance at 30 September 2014		5,121	4,515,820	52,867	4,573,808
Profit for the period		-	946,494	-	946,494
Other comprehensive income		-	-	(5,265)	(5,265)
Balance at 31 December 2014		5,121	5,462,314	47,602	5,515,037
Balance at 1 January 2015		5,121	5,462,314	47,602	5,515,037
Profit for the period		-	880,462	-	880,462
Other comprehensive income		-	-	898,274	898,274
Total comprehensive income for the period		5,121	6,342,776	945,876	7,293,773
Transactions with owners in their capacity as owners:					
Capital reorganization	10	(5,121)	(420,462)	-	(425,583)
Issue of new shares	10	24,870,012	-	-	24,870,012
Cost of transaction of new shares	10	(1,323,035)	-	-	(1,323,035)
Dividends	12	-	(2,896,072)	-	(2,896,072)
Share based payments	11	-	287,000	-	287,000
Balance at 30 September 2015		23,546,977	3,313,242	945,876	27,806,095

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of cash flows

For the 9 month period ended 30 September 2015

	Notes	30 September 2015 \$	30 September 2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and service tax)		15,916,321	7,282,668
Payments to suppliers and employees (inclusive of goods and service tax)		(8,549,530)	(4,233,805)
		7,366,791	3,048,863
Income tax paid		(1,419,014)	(310,801)
Interest received		92,823	8,970
Borrowing cost		(3,519)	-
Net cash flows from operating activities		6,037,081	2,747,032
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	8	(8,894,059)	-
Cost associated acquisition of subsidiary		(177,939)	-
Payments for property, plant and equipment		(492,648)	(92,858)
Payments for other intangibles		(33,830)	-
Net cash flows from investing activities		(9,598,476)	(92,858)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		24,750,000	-
Payment for IPO transaction costs		(2,563,943)	-
Dividends paid		(2,896,072)	(1,069,096)
Interest paid		(1,950,000)	-
Net cash flows from financing activities		17,339,985	(1,069,096)
Net increase in cash and cash equivalents		13,778,590	1,585,078
Cash and cash equivalents at the beginning of the financial year		4,197,373	1,406,162
Cash and cash equivalents at end of the 9-month period ended 30 September 2015		17,975,963	2,991,240

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

1. Basis of preparation of interim report

This condensed consolidated interim financial report for the 9-month period ended 30 September 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated interim financial report has been prepared on a historical cost basis.

Mitula Group Limited (formerly known as Vertical Search Co. Ltd) was incorporated as a public company limited by shares on 11 March 2015. On 17 April 2015, as a result of a capital reorganization, the Company became the owner of 100% of the issued share capital of Mitula Classified, S.L. (a company incorporated in Spain). The company determined that the capital reorganization of Mitula Classified, S.L. did not represent a business combination as defined by IFRS 3 'Business Combinations'. This is because the reorganization is considered to be a combination of entities under common control which is outside the scope of IFRS 3. As such, the consolidated financial statements reflect the continuation of Mitula Classified financial statements. Accordingly, the results shown are for the 9-month period ended 30 September 2015 including those results of Mitula Classified, S.L. Similarly the comparative results for the 9-month period ended 30 September 2014 represent the operations of Mitula Classified, S.L.

Mitula Group Limited was incorporated on 11 March 2015 so its first financial half-year ends on 11 September 2015. The group has been granted relief by the Australian Securities and Investment Commission (ASIC) from the requirement to comply with section 323D(5) of the Corporations Act (Act) for the Company's first financial half year commencing on its date of incorporation. As a result, its first half year financial statements are prepared for a 9-month period ended in 30 September 2015.

1.1. Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 9-month period ended 30 September 2015 and have not yet been applied in the condensed interim financial statements:

Standard	Title	Effective date
IFRS 1	Modification September 2014 - Sale or transfer of assets between an investor and its associates or joint ventures	01/01/2016
IFRS 5	Improvements to IFRSs - Cycle 2012-2014 (September 2014)	01/07/2016
IFRS 7	Improvements to IFRSs - Cycle 2012-2014 (September 2014)	01/07/2016
IFRS 9	Financial instruments (Full Version) (July 2014)	01/01/2018
IFRS 10	Modification December 2014 - Investment Entities: Applying the exception to consolidation	01/01/2016
IFRS 11	Modification May 2014 - Accounting for acquisitions of interests in joint ventures	01/01/2016
IFRS 12	Modification December 2014 - Investment Entities: Applying the exception to consolidation	01/01/2016
IFRS 14	Regulatory deferral accounts	01/01/2016
IFRS 15	Revenue from contracts with customers	01/01/2018
IAS 1	Modification December 2014 - Disclosure Initiative	01/01/2016
IAS 16	Modification May 2014 - Clarification of acceptable methods of depreciation and amortization	01/01/2016
	Modification June 2014 - Agriculture: Plants that need to produce fruit	01/01/2016
IAS 19	Improvements Project - Cycle 2012-2014 (September 2014)	01/07/2016
IAS 27	Modification August 2014 - Equity method in separate financial statements	01/01/2016

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

Standard	Title	Effective date
IAS 28	Modification September 2014 - Sale or transfer of assets between an investor and its associates or joint ventures	01/01/2016
	Modification December 2014 - Investment Entities: Applying the exception to consolidation	01/01/2016
IAS 34	Improvements to IFRSs - Cycle 2012-2014 (September 2014)	01/07/2016
IAS 38	Modification May 2014- Clarification of acceptable methods of depreciation and amortization	01/01/2016
IAS 41	Modification June 2014 - Agriculture: Plants that need to produce fruit	01/01/2016

The Company is currently evaluating the potential impacts in the financial statements derived from the application of the above mentioned standards.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the consolidated entity consisting of Mitula Group Limited and its subsidiaries.

a. Principles of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

ii. Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Mitula Group Limited.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

b. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as the CEO that makes strategic decisions. The business is being monitored on an operating gross margin (revenues less cost of sales) basis distinguishing by geography (EMEA, AMERICAS and APAC). Given the nature of the services rendered by the Company, consisting of rendering vertical search engine for classifieds in internet services, it is not possible to separate assets and liabilities by client nor allocate operating or financial results and taxes, following this criteria.

c. Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity is established ('the functional currency'). The condensed interim financial statements have been presented in Australian dollars, which is the Company's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

d. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Company purchases its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to shareholders of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently disposed of or reissued, all consideration received, net of any directly attributable incremental transaction costs and the related tax effects are included in equity attributable to owners of the company.

i. Dividend distributions

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

e. Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

f. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The main sources of the Company's revenue are:

- CPC (cost-per-click): Most of the customers pay on a cost-per-click basis, which means that an advertiser (customer) pays to the Company only when a user clicks on one of its ads. The Company recognizes as revenue the fees charged to advertisers each time a user clicks on one of the ads that appears next to the search results or content on the Company's website. These agreements by the customer might include a CPC cap and rate.
- Revenue derived from the traffic operations in the Google AdSense program, a web advertising platform, in which Mitula is a Search Partner. Google pays to Mitula on a cost-per-click basis. The Company recognizes as revenue the fees paid to it by Google based on the volume of clicks through to Google AdSense advertisements.

g. Other operating expenses

Other operating expenses includes the expenses associated with the operation of the data centre, including, labour, energy and other transaction fees related to processing customer transactions.

h. Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability on a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

j. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired asset is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the profit or loss.

k. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

m. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

n. Investment and other financial assets

i. Classification

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

iii. Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

iv. Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

v. Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

o. Property, plant and equipment

Property, plant and equipment is recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

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Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings

The depreciation methods and periods used by the group are disclosed as follow:

Item	Useful life
Fittings	3 - 4 years
Equipment	3 - 4 years
Furniture and others	10 years

p. Intangible assets

i. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not depreciated but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and depreciated from the point at which the asset is ready for use.

These costs are depreciated over their estimated useful lives of 3 years.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

iii. Trademarks and licenses

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are depreciated over their estimated useful lives of 5 years.

q. Trade and other payable

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

r. Provisions

Provisions for professional and legal services obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

s. Employee benefits

i. Short-terms obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

ii. Share-based payments

Share-based compensation benefits are provided to employees via the Mitula Employee Option Plan. The fair value of options granted under the Mitula Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units (CGUs) are determined based on value-in-use calculations. These calculations require the use of assumptions for each CGU.

(ii) Income taxes

The group is subject to income taxes (and other similar taxes) in Australia and in a number of overseas jurisdictions. Judgement is required in determining the group provision for income taxes.

There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iii) IPO cost

The company was admitted to the official list of the ASX on 1 July 2015 following an IPO where a total of 33,160,000 new shares were issued (see note 10). Also, existing shareholders prior to the IPO sold a total of 16,000,000 shares of their stake in the company.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

During the nine month period ended 30 September 2015 the group registered a total cost of \$4.8 million in relation to the IPO. The breakdown of these expenses is shown below:

	Note	Equity	\$ Income Statement	Total
Pre IPO financial expenses		-	1,950,000	1,950,000
ASX & ASIC		99,255	73,874	173,129
Broker firm		751,045	437,971	1,189,016
Professional services		468,468	733,373	1,201,841
Other costs		4,267	288,231	292,498
		1,323,035	3,483,449	4,806,484

The group registered these expenses according to IAS 32, registration as equity the cost related to the issuance of the new shares and as an expense the cost related to the old shares.

4. Financial risk management and financial instruments

4.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements.

There have been no changes in the risk management department or in any risk management policies since the year end.

4.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group presents a positive working capital of \$ 17.1 million.

Management monitors rolling forecasts of the group's liquidity and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

4.3 Fair value estimations

The Company generally uses, when available, market rates to determine the fair value price, and that data is classified as Level 1. If these rates are not available, the fair value is estimated using a standard valuation model. When applicable, these models project cash flows and discount the future amounts using observable data at its present value; including interest rates, exchange rates, volatility, etc. The items evaluated using the previous data are classified in accordance with the lowest level of the data that is significant for the valuation. Therefore, an item could be classified as Level 3 even though some of its significant data are observable.

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During the period there was no transfer between levels 1 and 2 or 2 and 3. The group does not have level 3 financial assets or liabilities.

5. Subsidiaries

At period end, the entities that constituted the Group are as follows:

Company name	Country	% Direct ownership	% Indirect ownership	Activity	Auditor
Mitula Classified S.L	Spain	100%	-	Vertical search website operator	Pricewaterhouse Coopers Auditores, S.L.
Lokku Limited	U.K.	100%	-	Vertical search website operator	N/A
Mitula Classified China Limited	Hong Kong	-	100%	Without activity	N/A
Nestoria UK Limited	U.K.	-	100%	Without activity	N/A
Nestoria Australia Limited	U.K.	-	100%	Vertical search website operator	N/A
Nestoria Spain S.L.	Spain	-	100%	Vertical search website operator	N/A
Nestoria Brasil Buscador de Imoveris Ltda	Brazil	-	100%	Vertical search website operator	N/A
Nestoria India Property Search Services Private Limited	India	-	83% (*)	Vertical search website operator	N/A

(*) As of 30 September 2015 the group has a minority shareholder in Nestoria India due to legal requirements of the country where the subsidiary operates. This stake has not been considered in the preparation of the consolidated financial statements of the group, as the impact of it is non-significant (profit for the 9-month period ended in 30 September 2015 for minority shareholders adds to \$4 thousand). The group expects to buy most of the minority shares by the end of 2015.

6. Segment information

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenue and incur expenses that relate to transactions with the consolidated entity's other components.

The operating segment results are regularly reviewed by the Chief Executive Officer who provides strategic decision and management oversight of the day to day activities in terms of monitoring results, providing approval for capital expenditure and approving strategic planning for the business.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

(a) Description of segments

The group revenue is reported in three geographic segments: Americas, APAC and EMEA. The segments comprise of the following countries of operation:

- **Americas** – comprising: Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, USA and Venezuela.
- **APAC** – comprising: Australia, China, Hong Kong, Indonesia, India, Malaysia, New Zealand, Pakistan, Philippines and Singapore.
- **EMEA** – comprising: Austria, Belgium, France, Germany, Ireland, Italy, Morocco, Netherlands, Poland, Portugal, Romania, Russia, South Africa, Spain, Switzerland, Turkey, United Kingdom and UAE.

(b) Segment information provided to senior management

The segment information provided to senior management for the reportable segments for the 9-month period ended 30 September 2015 is as follows:

Consolidated entity	AMERICAS	APAC	EMEA	Total
9-month period ended 30 September 2015	\$	\$	\$	\$
Total revenue	5,195,730	3,391,333	6,286,724	14,873,787
Cost of sales	(676,739)	(378,126)	(793,763)	(1,848,628)
Gross profit	4,518,991	3,013,207	5,492,961	13,025,159
Gross profit percentage	87%	89%	87%	88%

The segment information provided to senior management for the reportable segments for the 9-month period ended 30 September 2014 is as follows:

Consolidated entity	AMERICAS	APAC	EMEA	Total
9-month period ended 30 September 2014	\$	\$	\$	\$
Total revenue	2,662,503	893,892	4,143,774	7,700,169
Cost of sales	(209,734)	(99,212)	(418,829)	(727,775)
Gross profit	2,452,769	794,680	3,724,945	6,972,394
Gross profit percentage	92%	89%	90%	91%

(c) Other segment information

(i) Segment revenue

There are no sales between segments. The revenue from external parties reported to senior management is measured in a manner consistent with that in the consolidated income statement.

(ii) Management Gross Profit

The senior management assesses the performance of the operating segments based on a measure of gross profit.

(iii) Segment assets

Assets are not reported to the chief operating decision maker by segment. All assets are assessed at a consolidated entity level.

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

(iv) Segment liabilities

Liabilities are not reported to the chief operating decision maker by segment. All liabilities are assessed at a consolidated entity level.

7. Income tax

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the 9 month period ended 30 September 2015 is 28%.

Numerical reconciliation of income tax expense to prima facie tax payable:

	30 September 2015 \$	30 September 2014 \$
Profit from ordinary activities before income tax:		
Continuing operations	2,624,949	3,927,225
Income tax calculated at 30% (2014:30%)	787,485	1,178,168
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:	20,205	(23,899)
Differences in overseas tax rates	(296,487)	(78,545)
Tax losses not brought to account	1,233,284	-
Total income tax expense	1,744,487	1,075,724

Tax losses not brought to account predominantly relate to IPO and corporate expenses in jurisdictions where it has been determined it is not probable that future taxable profits will be available to utilize the losses.

8. Business combinations

On 8 May 2015, the Company acquired 100% of the issued share capital of Lokku Limited. Lokku owns and operates a network of 13 real estate vertical search Websites in 9 countries. These Websites operate under the 'Nestoria', 'FindProperly', 'Bilatu' and 'Gartoo' brands. This acquisition allowed the Mitula Group to consolidate its presence in the real estate Vertical in nine of the countries in which it operates.

a) Purchase consideration

	\$
Cash	8,569,851
Contingent considerations	434,316
Right to purchase shares - First option	120,000
Right to purchase shares - Second option	1,322,187
Total purchase consideration	10,446,354

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In addition to the cash payment amounting to €6.3M (approximately A\$9.1 million), Lokku Vendors have the right to purchase newly issued Shares pursuant to two separate options:

- The **First Option** entitles the selling Lokku Vendors to purchase (in their respective proportions) in aggregate up to the number of Shares equal to €3.0 million divided by the exercise price (which is the Offer Price less a 20% discount - \$0.60 per Share) (**Exercise Price**).

The Lokku Vendors exercised this first option on 1 July 2015, acquiring a total of 800,000 shares for a total amount of \$480 thousand. The difference between the exercise price and the official price of the shares was registered as additional investment for a total amount of \$120 thousand.

- The **Second Option** is exercisable by the Lokku Vendors from the date that the First Deferred Payment is due (which is expected to be 4 months after Completion) until the later of 10 business days after the First Deferred Payment is made and the close of the Offer Period. The Second Option entitles the Lokku Vendors to purchase (in their respective proportions) in aggregate up to the number of Shares equal to the sum of the First Deferred Payment and €900,000, divided by the Exercise Price.

The Lokku Vendors must pay the Exercise Price (\$0.60) for Shares acquired pursuant to the First Option and the Second Option.

Management has registered the estimated fair value of the Second Option at 30 September 2015 for the following amounts:

	\$
Additional investment in subsidiaries	1,322,187
Financial assets – other receivables	2,266,606
Financial liabilities	(3,588,793)

Lokku Vendors executed this option during October 2015 (see note 13).

The assets and liabilities acquired are as follows:

	\$
Cash and cash equivalents	110,108
Trade and other receivables	1,197,812
Plant and equipment	48,771
Deferred tax asset	57,784
Investments in subsidiaries	62,454
Intangible assets	98,061
Trade and other payables	(180,364)
Provisions	(312,334)
Tax liabilities	(78,898)
Net assets	1,003,394
Goodwill	9,442,960
Net assets acquired	10,446,354

The goodwill is attributable to the workforce, Lokku's position in a high growth market, its customer database, the high profitability of the business and synergistic benefits expected to be created by this acquisition. The goodwill is not expected to be deductible for tax purposes.

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

Acquisition related costs of this business combination amounts to \$178 thousand.

b) Initial accounting

Both the net asset value and the allocation of the purchase price to acquired assets are still preliminary. In particular, the fair values assigned to intangible assets are still being assessed and may be subject to change. The acquisition accounting will be finalised within 12 months of the acquisition date.

c) Purchase consideration – cash outflow

	30 September 2015 \$	31 December 2014 \$
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	8,569,851	-
Contingent considerations	434,316	-
Total purchase consideration	9,004,167	-
Less: cash balance acquired	(110,108)	-
Net outflow of cash – investing activities	8,894,059	-

9. Other reserves

	30 September 2015 \$	31 December 2014 \$
Reserves	-	446,460
Retained earnings	3,026,242	4,935,897
Share-based payments	287,000	79,957
	3,313,242	5,462,314
Movements:		
Reserves		
Opening balance	446,460	446,460
Capital reorganization	(446,460)	-
Closing balance	-	446,460
Retained earnings		
Opening balance	4,935,897	2,205,997
Capital reorganization	105,955	-
Dividend	(2,896,072)	(1,069,096)
Profit for the period	880,462	3,798,996
Closing balance	3,026,242	4,935,897
Share-based payments		
Opening balance	79,957	-
Capital reorganization - Liquidation previous share plan	(79,957)	-
Share plan expense	287,000	79,957
Closing balance	287,000	79,957

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Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

10. Contributed equity

(a) Share capital

	30 September 2015		
	Notes	Number of shares	\$
Ordinary shares			
Ordinary shares fully paid	10b)	204,960,012	23,546,977

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$
1 January 2014	Opening balance		3,436	1.49	5,121
	Closing balance		3,436	1.49	5,121
1 January 2015	Opening balance	a)	3,436	1.49	5,121
11 March 2015	Incorporation of Mitula Group		12	1.00	12
24 March 2015	Share Split	b)	340,164	-	-
17 April 2015	Capital reorganization	c)	171,456,400	-	(5,121)
1 July 2015	New shares issued	d)	19,360,000	0.75	14,520,000
1 July 2015	New shares convertible notes holders	e)	13,000,000	0.75	9,750,000
1 July 2015	New shares Lokku vendors first option	f)	800,000	0.75	600,000
			204,960,012		24,870,012
	Transaction costs on share issue		-	-	(1,323,035)
	Closing balance		204,960,012	-	23,546,977

a) The share capital of Mitula Classified, S.L. amounted to 3,436 shares with a nominal value of €1, fully paid up.

b) As of 24 March 2015 Mitula Classified, S.L. performed a split of shares from nominal value of €1 to a nominal value of €0.01. Thus, share capital is represented by 346,000 shares.

c) Under the terms of a share exchange agreement, dated 25 March 2015 but with effective date 17 April 2015, between the Company and Existing Shareholders, each of the Existing Shareholders (who at the date of the agreement, owned all of the shares in Mitula Classified, S.L.) agreed to contribute 343,600 ordinary shares in Mitula Classified, S.L. (representing 100% of the issued capital of Mitula Classified, S.L.) for the issue of 171,800,000 ordinary Shares in the Company (Share Exchange Agreement). The result of this share exchange was an identical proportionate shareholding structure in the Company as was the shareholding structure of Mitula Classified immediately prior to entering into the Share Exchange Agreement.

Each of the Existing Shareholders provided representations and warranties to the Company as to the ownership of, and title to, their shares in Mitula Classified, their power and authority to enter into the Share Exchange Agreement and their solvency.

d) On 1 July 2015 the company completed an initial public offering of its shares. Under the offering an amount of \$14.5 million was raised. Funds raised are used to strengthen Mitula Group's balance sheet and provide working capital to:

- opportunistically acquire complementary businesses in existing countries to increase the number of visits and Click Outs generated in those markets;

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the 9 month period ended 30 September 2015

- opportunistically acquire new businesses in new countries to facilitate quick entrance into those markets; and
- accelerate new product and technology innovation through either enhanced internal development or through opportunistic acquisition of complementary technology businesses;

e) On 23 April 2015, the Mitula Group raised \$7.8m through the issue of convertible notes to finance the acquisition of Lokku. Pursuant to the terms of the Convertible Notes Agreement, the Convertible Notes holders received 13,000,000 shares at a price of \$0.60 per share at the same time of the IPO.

f) Pursuant to the terms of the acquisition agreement between the company and Lokku Vendors, the Lokku Vendors acquired 800,000 shares at a price of \$0.60 per share at the same time of the IPO.

11. Share-based payments

Total expenses arising from share-based payment transactions recognised during the period was \$287 thousand (2014: \$80 thousand).

During 2015 the company granted 2,800,000 options to its directors and senior management. The options are exercisable from 1 July 2016 and lapse on 30 June 2018. The exercise price is \$0.40 per option.

The company estimated the fair value of this option in \$0.41 per option, for a total amount of \$1,148,000. This amount is recognised as an expense into the income statement on a monthly basis from the grant date to the exercisable date.

12. Dividends

The distribution of an extraordinary dividend against 2013 results amounting to €0.7 million (\$1.1 million) was approved in a Shareholders meeting dated 24 March 2014. As at 31 December 2014 the total amount of dividends has been paid.

The distribution of an extraordinary dividend against 2014 results amounting to €2.1 million (\$2.9 million) was approved in a Shareholders meeting dated 2 February 2015. As at 30 September 2015 the total amount of dividends has been paid.

13. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The calculation of earnings per share was based on the information as follows:

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the 9 month period ended 30 September 2015

(a) Basic and diluted earnings per share

	30 September 2015		30 September 2014	
	Cents per share		Cents per share	
	Basic	Diluted	Basic	Diluted
From continuing operations attributable to the ordinary equity holders of the company	0.48	0.47	1.66	1.66

(b) Weighted average number of shares used as denominator

	30 September 2015	30 September 2014
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	182,853,342	171,800,000 (*)
Weighted average of potential dilutive ordinary shares: - options	3,032,043	-
Weighted average number of shares used as denominator in calculating diluted EPS	185,885,385	171,800,000

(*) At 24 March 2015, Mitula Classified, S.L. has performed two split of shares from nominal value of €1 to a nominal value of €0.01 (see note 10).

On 25 March 2015 existing shareholders of Mitula Classified, S.L. contributed their shares in this company for the issue of 171,800,000 ordinary shares of Mitula Group (see note 10).

Therefore basic and diluted earnings per share for previous years have been calculated using the number of shares deriving from the split.

14. Contingencies

The group had no contingent liabilities at 30 September 2015 (2014: nil).

15. Events occurring after the reporting period

As part of the acquisition agreement Lokku Vendors have the right to purchase newly issued Shares pursuant to two separate options (see note 7). The Second Option was executed during October 2015 by Lokku Vendors, who committed a total amount of €1.452 million (approximately A\$2.267 million) which represents 3,777,677 shares. The group will issue new shares during the last quarter of the year to cover this option.

As of 30 September 2015 the group has recognised the fair value of financial assets and liabilities associated with this option.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Director's declaration 30 September 2015

Directors' Declaration

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 4 to 28 are in accordance with *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the 9-month period ended on that date, and

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

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Simon Baker
Chairman

Dated this 26 November 2015



Independent auditor's review report to the members of Mitula Group Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Mitula Group Limited (the company), which comprises the consolidated balance sheet as at 30 September 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 9-month period ended on that date, selected explanatory notes and the directors' declaration for Mitula Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mitula Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Mitula Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the period ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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S.P. #A

Jon Roberts
Partner

Melbourne

26 November 2015