iCar Asia Limited

ACN 157 710 846

Appendix 4D

HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 30 June 2016

Six months ended	Jun-16 $000	Jun-15 $000	Change
Revenues from ordinary operations	3,171	2,638	20%
Loss from ordinary activities after tax attributable to members	(6,400)	(7,246)	12%
Loss after tax attributable to members	(6,400)	(7,246)	12%
Loss per Share (basic & diluted)	(2.56)	(3.32)	23%
NTA per Share	4.51	2.25	100%

Dividends

iCar Asia Limited does not propose to pay a dividend for this reporting period (2015: 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 2015 Annual Financial Report.

For and on behalf of the Board

Patrick Grove
Chairman
24th August 2016

iCar Asia Limited and Controlled Entities

ACN 157 710 846

Financial Report

for the half year ended 30 June 2016

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 2016.

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.

Patrick Grove (Non-executive Chairman)
Lucas Elliott (Non-executive Director)
Shaun Di Gregorio (Non-executive Director) resigned 29 June 2016
Mark Britt (Non-executive Director)
Cameron McIntyre (Non-executive Director)
Ajay Bhatia (Non-executive Director)
Syed Khalil Ibrahim (Independent Non-executive Director) appointed 29 June 2016

Principal Activities

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

Financial Performance

In the first half of 2016 the Group realised $3,170,770 in revenue (2015: $2,637,745), growth of 20%. This was largely through an increase in Classified and Media revenues in Malaysia and Thailand.

Operating expenses decreased slightly in the first half of 2016 to $9,114,443 (2015: $9,235,992). The Group continued to invest in people, product, technology and marketing in line with the strategy of continuing to grow market share.

The loss at EBITDA for the half year was $5,943,673 (2015: $6,598,247).

Operating Performance

Below are some highlights of the June 2016 operational results:

- Malaysia: Audience grew 10% year on year. A new 'Hot Deal' depth product was launched and achieved immediate market traction with almost 900 Hot Deals taken up within the month of June 2016. Revenue per listing was up 21% per year as site monetisation efforts improved.

- Thailand: Car dealers promoted (or 'bumped') almost 4 times as many listings as they did in June 2015. Average revenue per dealer was up 28% year on year. Subscription accounts were fully converted to a prepaid model in line with the rest of the Group.

- Indonesia: Audience grew 16% year on year. Lead volumes grew 33% more than in January 2016 (a new lead methodology was introduced in October 2015 to reflect a lead as a unique seller contacting a unique buyer). Car dealers bumped over 3 times as many listings as they did in January 2016 (paid bumps were introduced in October 2015).

Operating Performance (continued)

During the period the Group delivered some key product developments. In Malaysia, in addition to 'Hot Deals' (a separate searchable section for cars with special offers) other depth products were released including 'The Boss' (a guaranteed top spot on search results) and 'Online Billboard' (a banner advertising product for car dealers). New functionality was delivered on the Consumer App with a new 'dashboard' view and the capacity to proactively contact our customers through 'push notifications'.

The second half of the 2016 will see a dedicated App for car dealers and messaging capabilities introduced across all platforms allowing for frictionless communication between buyers and sellers. There will also be developments in the private seller and new car offerings. These innovations will drive buyer and seller engagement and revenue growth.

The first half 2016 saw challenging economic conditions and increased competition from 'horizontal' (generalist) Classified sites especially in Malaysia and Thailand. As a result the Group will be increasing investment in the second half of 2016 in marketing, product and front-line sales staff to focus on cementing its leadership position. iCar owns the network of leading automotive vertical classified sites in ASEAN. The additional investment will enable the Group to grow regionally and deliver further listings, leads and revenue growth into the second half of 2016 and beyond.

Dividends

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

Events subsequent to reporting date

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

Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's independence declaration

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

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

On behalf of the Directors

Patrick Grove
Chairman

Kuala Lumpur
24 August 2016

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

As lead auditor for the review of iCar Asia Limited for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

D.R. McGregor
Partner
24 August 2016

In accordance with a resolution of the directors of iCar Asia 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 2016 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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

Patrick Grove
Chairman

Kuala Lumpur
24 August 2016

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2016

	Consolidated	
	2016	**2015**
	$	**$**
Revenue	3,170,770	2,637,745
Expenses		
Administration and related expenses	(1,093,702)	(1,103,940)
Advertising and marketing expenses	(2,712,186)	(2,852,804)
Employment related expenses	(4,374,478)	(4,557,520)
Premises and infrastructure expenses	(817,808)	(580,956)
Offline Production costs	(116,269)	(140,772)
Depreciation and amortisation expense	(623,677)	(750,385)
Operating loss	(6,567,350)	(7,348,632)
Interest income	186,955	122,506
Interest expense	(19,994)	(20,034)
Loss before tax	(6,400,389)	(7,246,160)
Income tax (expense)/benefit	-	-
Loss after income tax expense for the period attributable to the owners of iCar Asia Limited and Controlled Entities	(6,400,389)	(7,246,160)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	132,264	632,933
Other comprehensive income for the year, net of tax	132,264	632,933
Total comprehensive loss for the period attributable to the owners of iCar Asia Limited and Controlled Entities	(6,268,125)	(6,613,227)

Earnings per share	**Cents**	**Cents**
Basic loss per share	(2.56)	(3.32)
Diluted loss per share	(2.56)	(3.32)

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of financial position
As at 30 June 2016

	Note	Consolidated 30 Jun 2016 $	Consolidated 31 Dec 2015 $
Assets			
Current assets			
Cash and cash equivalents	4	13,030,818	18,509,382
Trade and other receivables		874,507	975,082
Other assets		1,222,208	1,362,769
Total current assets		**15,127,533**	**20,847,233**
Non-current assets			
Property, plant and equipment		533,308	480,800
Intangibles	5	7,099,495	6,567,687
Goodwill	5	17,391,161	17,192,743
Other non-current assets		26,177	25,384
Total non-current assets		**25,050,141**	**24,266,614**
Total assets		**40,177,674**	**45,113,847**
Liabilities			
Current liabilities			
Trade and other payables	5	2,983,346	2,176,186
Provisions		987,830	1,118,391
Borrowings		506,347	-
Total current liabilities		**4,477,523**	**3,294,577**
Non-current liabilities			
Borrowings		-	486,042
Total non-current liabilities		**-**	**486,042**
Total liabilities		**4,477,523**	**3,780,619**
Net assets		**35,700,151**	**41,333,228**
Equity			
Issued capital	7	90,082,697	89,328,100
Reserves		(10,086,632)	(10,099,347)
Accumulated losses		(44,295,914)	(37,895,525)
Total equity		**35,700,151**	**41,333,228**

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2016

	Issued capital	Foreign currency translation reserve	Equity reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 January 2016	89,328,100	(212,199)	(10,965,292)	1,078,144	(37,895,525)	41,333,228
Loss after income tax expense for the period	-	-	-	-	(6,400,389)	(6,400,389)
Other comprehensive income for the period, net of tax	-	132,264	-	-	-	132,264
Total comprehensive income for the period	-	132,264	-	-	(6,400,389)	(6,268,125)
Transactions with owners in their capacity as owners						
815,173 shares issued during the period	754,597	-	-	(686,568)	-	68,029
Share to be issued in lieu of directors' remuneration	-	-	-	150,000	-	150,000
Share to be issued in lieu of STI and LTI	-	-	-	417,019	-	417,019
Balance at 30 June 2016	90,082,697	(79,935)	(10,965,292)	958,595	(44,295,914)	35,700,151

	Issued capital	Foreign currency translation reserve	Equity reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 January 2015	70,188,628	(11,217)	(10,965,292)	909,295	(25,358,326)	34,763,088
Loss after income tax expense for the period	-	-	-	-	(7,246,160)	(7,246,160)
Other comprehensive income for the period, net of tax	-	632,933	-	-	-	632,933
Total comprehensive income for the period	-	632,933	-	-	(7,246,160)	(6,613,227)
Transactions with owners in their capacity as owners						
1,032,881 shares issued during the period	980,312	-	-	(627,027)	-	353,285
Transaction costs (net of tax)	(15,587)	-	-	-	-	(15,587)
Share to be issued in lieu of directors' remuneration	-	-	-	150,000	-	150,000
Share to be issued in lieu of STI and LTI	-	-	-	333,843	-	333,843
Balance at 30 June 2015	**71,153,353**	**621,716**	**(10,965,292)**	**766,111**	**(32,604,486)**	**28,971,402**

iCar Asia Limited and Controlled Entities
Interim condensed consolidated statement of cash flows
For the six months ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		3,975,002	2,729,830
Payments to suppliers and employees		(9,250,374)	(9,729,274)
		(5,275,372)	(6,999,444)
Interest received		312,392	125,915
Interest paid		(40,659)	(42,290)
Net cash used in operating activities		(5,003,639)	(6,915,819)
Cash flows from investing activities			
Payments for property, plant and equipment		(225,734)	(100,795)
Payments for intangibles		(249,191)	(425,654)
Payments for purchase of subsidiary, net of cash acquired		-	(1,329,894)
Net cash used in investing activities		(474,925)	(1,856,343)
Cash flows from financing activities			
Share issue transaction costs		-	(7,994)
Net cash provided by financing activities		-	(7,994)
Net (decrease)/ increase in cash and cash equivalents		(5,478,564)	(8,780,156)
Cash and cash equivalents at the beginning of the period		18,509,382	15,361,635
Cash and cash equivalents at the end of the period	**4**	**13,030,818**	**6,581,479**

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 2016 were authorised for issue in accordance with a resolution of the directors on 24 August 2016.

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

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

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

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with AASB 134 Interim Financial Reporting. All amounts are presented in Australian dollars and are rounded to the nearest dollar.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

Clarification of terminology used in our financial report:

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

Going concern

The financial statements are prepared on the going concern basis. The Directors note the Group has continued to incur operating losses as it establishes its business model in the various markets from 1 January 2016 to the date of signing the half-year ended 30 June 2016 financial report.

Notwithstanding this, the Group believes that there are reasonable grounds that the Group will be able to pay its debts as, and when, they fall due, and that the basis of preparation of the consolidated financial statements on a going concern basis is appropriate, considering that:

- It has a letter of support from a shareholder for an amount of $7,000,000;
- The Board are reviewing its capital options with a view to raising funds before the end of the year.

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

Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations noted below.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

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

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

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

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

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

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

AASB 5 Non-current Assets Held for Sale and Discontinued Operations:

Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

AASB 7 Financial Instruments: Disclosures:

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

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

AASB 119 Employee Benefits:

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

AASB 134 Interim Financial Reporting:

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

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

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

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

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

Application Date of Standard: 1 January 2016, Application Date: 1 January 2016

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

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

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Application date of Standard: 1 July 2015, Application Date: 1 January 2016

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

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

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ended 30 June 2016 are outlined below:

2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

Application Date of Standard: 1 January 2017, Application Date: 1 January 2017

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

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

2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Application Date of Standard: 1 January 2017, Application Date: 1 January 2017

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

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

3. Segment information

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

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

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

Malaysia	Thailand
Indonesia	Corporate

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

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

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

Operating segment information

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

3. Segment information (continued)

Operating segment information (continued)

Consolidated - June 2015	Malaysia $	Indonesia $	Thailand $	Corporate $	Intersegment eliminations/ unallocated $	Total $
Revenue						
Sales	1,502,585	40,677	1,094,483	-	-	2,637,745
Total sales revenue	1,502,585	40,677	1,094,483	-	-	2,637,745
Operating expenses	(2,733,712)	(1,869,300)	(2,015,644)	(2,617,336)	-	(9,235,992)
Loss before Interest, tax, depreciation and amortisation	(1,231,127)	(1,828,623)	(921,161)	(2,617,336)	-	(6,598,247)
Depreciation and amortisation	(345,186)	(2,733)	(78,935)	(323,531)	-	(750,385)
Interest income	0	-	209	122,297	-	122,506
Interest expense	(20,034)	-	-	-	-	(20,034)
Loss before income tax expense	(1,596,347)	(1,831,356)	(999,887)	(2,818,570)	-	(7,246,160)
Income tax expense						-
Loss after income tax expense						(7,246,160)
Consolidated - December 2015						
Assets						
Segment assets	3,314,919	658,084	20,754,797	20,386,047	-	45,113,847
Total assets						45,113,847
Liabilities						
Segment liabilities	1,462,662	762,127	439,811	1,116,019	-	3,780,619
Total liabilities						3,780,619

4. Cash and cash equivalents

	30 June 16 $	31 Dec 15 $
Cash at bank	2,263,897	1,524,244
Cash on deposit	10,766,921	16,985,138
	13,030,818	**18,509,382**

5. Significant balances

Trade and other payables	30 June 16 $	31 Dec 15 $
Trade payables and accruals	2,055,642	1,752,683
Billings in advance	927,704	423,503
	2,983,346	**2,176,186**

5. Significant balances (continued)

Intangibles Summary	**30 June 16** $	**31 Dec 15** $
Autospinn.com website (Thailand)	504,598	539,398
One2Car.com brand (Thailand)	2,239,632	2,223,080
One2Car.com customer base (Thailand)	1,032,733	1,145,189
Intangibles- Customer Relationship Management platform	2,718,749	2,038,835
Intangibles- Websites and App development	456,367	467,589
Intangibles- Other	147,416	153,596
	7,099,495	**6,567,687**

The life of the One2car.com brand intangible assets is indefinite as it is the intention of the Group to always operate the One2car.com brand due its market reputation and high levels of unpaid online traffic. Autospinn.com is amortised over 10 years. The One2car.com customer base intangible asset has a life of 6 years reflecting historical customer churn. Internally-generated intangible assets are amortised over 3-5 years. Amortisation rates are unchanged from the financial year ended 31 December 2015.

Goodwill Summary	**30 June 16** $	**31 Dec 15** $
Malaysian cash generating unit	1,858,527	1,774,907
Thailand cash generating unit	15,532,634	15,417,836
	17,391,161	**17,192,743**

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 calculation. The key assumptions used to determine the recoverable amount for the different cash generating units ('CGUs') were disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

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 2016, the market capitalisation of the Group was above the book value of its equity and therefore not an indicator of impairment. However, the Group has made the decision to invest more aggressively in consolidating its leadership position across each of its current markets as competition increases. Revenue has also been impacted by weaker macro-economic conditions in Malaysia, Thailand and Indonesia, with currency weakness reducing the volume of used car imports. As a result, management has identified that indicators of impairment exist and has performed an impairment test as at 30 June 2016 for the Malaysia, Thailand and Indonesia CGUs.

Malaysia CGU

The Group used the CGUs value in use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the lower revenues and increased investment in the near term as discussed above and a pre-tax discount rate of 14.5% (31 December 2015: 14.5%) was applied. A long term growth rate of 3% (31 December 2015: 3%) was used to extrapolate year 5 cashflows. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2015. As a result of the updated analysis, management did not identify an impairment for this CGU.

5. Significant balances (continued)

Thailand CGU

The Group used the CGUs value in use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the lower revenues and increased investment in the near term as discussed above and a pre-tax discount rate of 13.6% (31 December 2015: 13.6%) was applied. A long term growth rate of 3% (31 December 2015: 3%) was used to extrapolate year 5 cashflows. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2015. Management have prepared scenarios to consider the effect of growth rates, discount rate and terminal multiples. If in isolation the revenue growth rate would decrease by 10% over the 5 year cash flow, an impairment of $3.5m would be required. No other reasonable possible changes in assumptions that would result in an impairment were identified by management.

Due to the adequate head room in the base scenario, the early stage of execution in the Thailand CGU and the business plans in place for this CGU, it is not considered that an impairment exists as at 30 June 2016. Management notes that the current business plans in place for the remainder of the year will be closely monitored given the current political and economic climate in Thailand.

Indonesia CGU

The Indonesia CGU does not have any goodwill or indefinite life intangibles assets as these were fully impaired in the 2014 financial year. New intangibles and property, plant and equipment have been capitalised since the impairment charge was recognised.

The Group used the CGUs value in use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the lower revenues and increased investment in the near term and as discussed above and a pre-tax discount rate of 20.7% (31 December 2015: 20.7%) was applied. A long term growth rate of 5% (31 December 2015: 5%) was used to extrapolate year 5 cashflows. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2015. Management have prepared scenarios to consider the effect of growth rates, discount rate and terminal multiples. If in isolation the revenue growth rate would decrease by 10% over the 5 year cash flow or the long term growth rate would decrease to 4% or the discount rate increased to 21.3%, an impairment of $0.6m would be required.

Due to the adequate head room in the base scenario and early stage of monetisation in Indonesia, it is not considered that an impairment exists as at 30 June 2016.

6. Dividends

No dividends have been paid, declared or recommended during the six months ended 30 June 2016 (30 June 2015: nil).

7. Contributed equity

During the half-year reporting period, the Group issued 815,173 (30 June 2015: 1,032,881) ordinary shares at a value of $754,597 (30 June 2015: $980,312).

The total of 815,173 ordinary shares were issued to executives and directors as share based payments with a value of $754,597 attributed to equity. This compares to an accrual in the prior period of $746,568 (30 June 2015: $627,027).

For the six months ended 30 June 2016, the Group has recognised $567,019 of share based-payments transactions expense in the statement of comprehensive income (30 June 2015: $483,843).

8. Disposal of assets

There were no disposals during the six months ended 30 June 2016 (2015: nil).

9. 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 2016 and the directors believe that any resulting liability would not materially affect the financial position of the Group.

10. Subsequent events

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

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iCar Asia Limited, which comprises the condensed statement of financial position as at 30 June 2016, 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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, 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 June 2016 and its 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 iCar Asia Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iCar Asia 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 June 2016 and of its 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*.

Ernst & Young

Ernst & Young

David McGregor

D.R. McGregor
Partner
Melbourne
24 August 2016

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Share register	Computershare Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia www.computershare.com
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Stock exchange listing	iCar Asia Limited and Controlled Entities shares are listed on the Australian Securities Exchange (ASX code: ICQ)
Website	www.icarasia.com
Corporate Governance Statement	http://www.icarasia.com/investor-relations/corporate-governance/