

Appendix 4D

Mitula Group Limited

ABN 82 604 677 796

Results for announcement to the market

Half year report

Period ended 30 June 2016

(Previous corresponding period: 6-month period ended 30 June 2015)

		30 Jun 2016 A\$'000	% Change from 6 months ended 30 Jun 2015	30 Jun 2015 A\$'000
Revenue from ordinary activities	Up	13,586.7	52.7%	8,898.2
Profit from ordinary activities after tax attributable to members	Up	4,686.3	160.3%	1,800.2
Profit for the period attributable to members	Up	4,686.3	160.3%	1,800.2

Dividend information

The Group is not proposing to pay dividends. There are no dividend or distribution reinvestment plans in operation. The distribution of an extraordinary dividend against 2014 results amounting to €2.1 million (\$2.9 million) was approved in a Mitula Classified SL shareholders meeting dated 2 February 2015. This dividend was approved and paid prior to the capital reorganisation which resulted in Mitula Group Limited becoming the owner of 100% of the issued share capital of Mitula Classified SL.

Explanatory Notes

1. On 8 May 2015, the Company acquired 100% of the issued capital of Lokku Limited. The revenues and profit from ordinary activities include 2 months of Lokku operational results in 2015.

2. During the period ended 30 June 2015 the Group registered a total cost of \$1.6 million in relation to the IPO. The Group recorded \$0.9 million of these costs as an expense in accordance with IAS32.
3. For an explanation of the figures reported above or other item(s) of importance not previously released to the market, please refer to the attached Interim Financial Report (which incorporates the Directors' Report and Financial Statements) for explanations.

Net tangible assets per ordinary security	Current period	Previous corresponding period to 30/06/15
Net tangible assets	23,921,286	9,805,797
Net assets	37,726,093	17,945,588
Issued share capital at reporting date	27,309,279	13,770,715
Number of shares on issue at reporting date	208,819,201	171,800,012
Net tangible assets per ordinary security	0.11	0.06
Net assets per ordinary security	0.18	0.10

Acquisitions and divestments

On 29 February 2016, the Mitula Group acquired 100% of the issued share capital of Nuroa Internet SL. The total purchase consideration was approximately \$3.3 million (€2.1 million), which was primarily funded by cash reserves and partially funded through the issue of new shares in Mitula Group Limited.

Nuroa is a Spanish company which owns and operates 17 real estate vertical search Websites in 17 countries. Nuroa operates a similar model to the Mitula Group with revenues being derived from CPC (cost per click) and Google AdSense.

After the acquisition Nuroa was merged into Mitula Classified SL.

Loss contribution of Nuroa is (\$172,856) from the date of incorporation into the Mitula Group (4 months).

Accounting Standards

The financial report has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

This report is based on the consolidated interim Financial Report for the 6-month period ended 30 June 2016 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

**MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES
ACN 604 677 796**

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2016**

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Interim Financial Report for the half year ended 30 June 2016

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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 half year ended 30 June 2016 and the Auditor's Review Report.

Directors

The following persons were directors of the Mitula Group Limited during the half year 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

Non-IFRS financial information

Through this report the Group has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. The Group uses these measures to assess performance of the business and believes that this information would be useful for investors.

Terms used in this Report

The following terms, when used in this Directors' report, have these meanings:

- **Adjusted Operating Expenses:** total operating expenses less one off costs associated with IPO.
- **EBITDA:** earnings before interest, tax and depreciation and amortisation.
- **Adjusted EBITDA:** EBITDA plus add back of one off costs associated with IPO
- **EBT:** Earnings before taxes, equivalent to Profit Before Tax.
- **NPAT:** Net profit after tax, equivalent to Profit After Tax.

Review of Operations

\$' 000	6 Months to 30 June 2016	6 Months to 30 June 2015	Growth
Revenues	13,587	8,898	52.7%
- AMERICAS	3,486	3,355	3.9%
- APAC	2,777	1,872	48.3%
- EMEA	7,324	3,671	99.5%
Adjusted Operating Expenses	(6,448)	(5,014)	28.6%
Adjusted EBITDA ¹	7,139	3,884	83.8%
Adjusted EBITDA Margin	52.5%	43.7%	20.4%
Net Cash Flow from Operations	6,072	2,452	147.6%
Cash Balance (end of period)	22,239	19,577	13.6%

¹ Management believe additional information to IFRS by including EBITDA is useful in measuring the performance of the Group. See below reconciliation statements to Adjusted EBITDA and Adjusted Operational Expense.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Director's Report

- Reconciliation to Adjusted EBITDA

\$' 000	30 June 2016	30 June 2015
Profit Before Tax	5,985	2,895
Depreciation & Amortisation	798	86
Net Finance (Income) / Expense	(178)	(12)
Net Foreign Exchange (Gains) / Losses	(40)	36
EBITDA	6,565	3,005
IPO Expense (Non Financial)	-	879
IPO Expense (Share Based Payments)	574	-
Adjusted EBITDA	7,139	3,884

- Reconciliation of Adjusted Operating Expense:

\$' 000	30 June 2016	30 June 2015
Cost of Sales	(1,690)	(1,135)
Human Resources Expenses	(3,649)	(2,287)
Operational Expenses	(469)	(615)
Technology Expenses	(480)	(338)
Office Expenses	(382)	(245)
Corporate Expenses	(353)	(1,274)
Rounding	1	1
Operating Expenses	(7,022)	(5,893)
IPO Expense (Non Financial)	-	879
IPO Expense (Share Based Payments)	574	-
Adjusted Operating Expenses	(6,448)	(5,014)

Revenues increased by 52.7% over the previous period driven by the strong organic growth in the APAC and EMEA segments and the contribution of the Lokku Limited and Nuroa Internet SL acquisitions.

Adjusted EBITDA grew by 83.8% to \$7.1 million driven by strong revenue growth and cost containment. The Adjusted EBITDA margin was 52.5%, up from 43.7% in the previous corresponding period.

Cash reserves grew 13.6% to \$22.2 million. Strong cash inflow from operations was offset by cash outflow of \$4.5 million associated with the acquisition of Nuroa Internet SL (\$2.6 million for payments to vendors and \$1.9 million to repay loans associated with the acquired entity).

Significant Changes in State of Affairs

Business combination – Nuroa Internet SL

On 29 February 2016, Mitula Group acquired 100% of the issued share capital of Nuroa Internet SL. The total purchase consideration was approximately \$3.3 million (€2.1 million), which was primarily funded by cash reserves and partially funded through the issue of new shares in the Mitula Group Limited. (see Note 10.1).

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Director's Report

Nuroa Internet SL is a Spanish company which owns and operates 17 real estate vertical search websites in 17 countries. It operates a similar model to the Mitula Group with revenues being derived from CPC (cost per click) and Google AdSense.

After the acquisition, Nuroa Internet SL was merged into the Mitula Classified SL subsidiary of the Mitula Group Limited. The transaction was recorded at fair value at the acquisition date. The allocation of the Goodwill will be finalized within 12 months of the acquisition date. This transaction was undertaken to exploit the synergies of the two businesses which is allowed in accordance to the Spanish local legislation and protects both legal entities.

Dividends

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. That amount was paid in February 2015. This was prior to the Mitula Group Limited acquiring Mitula Classified SL and undertaking an initial public offering on the Australian Stock Exchange.

The Company is not proposing to pay dividends. There are no dividend or distribution reinvestment plans in operation.

Subsequent events

There were no subsequent events after the reporting period occurred.

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 5.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, 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.



Simon Baker
Chairman

Dated 9 August 2016



Auditor's Independence Declaration

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

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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 'J. Roberts' followed by a stylized flourish.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
9 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of comprehensive income For the half year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Revenue	8	13,586,661	8,898,223
Cost of sales	8	(1,689,952)	(1,134,602)
Gross profit		11,896,709	7,763,621
Human resources expenses		(3,648,622)	(2,287,166)
Operational expenses		(468,853)	(615,168)
Technology expenses		(479,779)	(338,015)
Office expenses		(381,818)	(244,890)
Corporate expenses		(352,636)	(1,274,236)
Depreciation and amortisation		(798,382)	(85,526)
Net finance Income / (Expense)		177,960	12,472
Net exchange rates differences		40,028	(36,422)
Profit before tax		5,984,607	2,894,670
Income tax	9	(1,298,327)	(1,094,515)
Profit for the half year		4,686,280	1,800,155
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(345,510)	181,337
Income tax relating to items		-	-
Other comprehensive income for the period, net of tax		(345,510)	181,337
Total comprehensive income for the period		4,340,770	1,981,492
Total comprehensive income attributable to owners		4,340,770	1,981,492
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	15	2.24	1.05
Diluted earnings per share	15	2.21	1.04

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 June 2016

	Notes	30 June 2016 \$	31 December 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		22,239,326	21,002,933
Trade and other receivables		4,735,942	3,884,700
Current tax assets		2,142	2,142
Other current assets		136,106	77,650
Total current assets		27,113,516	24,967,425
Non-current assets			
Property, plant and equipment	6	842,257	729,026
Goodwill	7,10	8,704,551	5,086,057
Other intangible assets	7	5,100,256	5,684,369
Investments		1,462	1,462
Other non-current financial assets	5	506,331	165,064
Deferred income tax asset		412,189	4,409
Total non-current assets		15,567,046	11,670,387
Total assets		42,680,562	36,637,812
LIABILITIES			
Current liabilities			
Trade and other payables		1,703,943	1,527,318
Current tax liabilities		1,268,978	692,597
Other financial liabilities		305	-
Total current liabilities		2,973,226	2,219,915
Non-current liabilities			
Other liabilities		486,437	17
Deferred tax liability		1,494,806	1,685,624
Total non-current liabilities		1,981,243	1,685,641
Total liabilities		4,954,469	3,905,556
Net assets		37,726,093	32,732,256
EQUITY			
Contributed equity	12	27,309,279	27,230,212
Other reserves	11	10,574,549	5,314,269
Foreign currency translation reserve		(157,735)	187,775
Total equity		37,726,093	32,732,256

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 half year ended 30 June 2016

Consolidated entity	Notes	Contributed equity \$	Reserves \$	Foreign currency translation reserves \$	Total equity \$
Balance at 1 January 2015		5,121	5,462,314	47,602	5,515,037
Profit for the period		-	2,588,623	-	2,588,623
Other comprehensive income		-	-	140,173	140,173
Total comprehensive income for the period		-	2,588,623	140,173	2,728,796
Transactions with owners in their capacity as owners:					
Capital reorganization	12	(5,121)	(420,462)	-	(425,583)
Issue of new shares	12	28,553,247	-	-	28,553,247
Share issue transaction costs	12	(1,323,035)	-	-	(1,323,035)
Dividends	14	-	(2,896,072)	-	(2,896,072)
Share based payments	13	-	574,000	-	574,000
Other movements in equity		-	5,866	-	5,866
Balance at 31 December 2015		27,230,212	5,314,269	187,775	32,732,256
Balance at 1 January 2016		27,230,212	5,314,269	187,775	32,732,256
Profit for the period		-	4,686,280	-	4,686,280
Other comprehensive income		-	-	(345,510)	(345,510)
Total comprehensive income for the period		27,230,212	10,000,549	(157,735)	37,073,026
Transactions with owners in their capacity as owners:					
Capital reorganization		-	-	-	-
Issue of new shares	12	79,067	-	-	79,067
Cost of transaction of new shares		-	-	-	-
Dividends		-	-	-	-
Share based payments	13	-	574,000	-	574,000
Balance at 30 June 2016		27,309,279	10,574,549	(157,735)	37,726,093

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 half year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and service tax)		13,182,223	7,236,517
Payments to suppliers and employees (inclusive of goods and service tax)		(6,838,664)	(3,676,606)
		<u>6,343,559</u>	<u>3,559,911</u>
Payment for IPO transaction costs – Income statement		-	(879,399)
Cost associated acquisition of subsidiary	10.1	(63,648)	(177,939)
Income tax paid		(386,334)	(63,216)
Interest paid	10.1	(13,958)	-
Interest received		191,918	12,473
Net cash flows from operating activities		<u>6,071,537</u>	<u>2,451,830</u>
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	10.1	(2,620,528)	(8,894,059)
Payments for other financial assets	5	(4,051)	(96,171)
Payments for property, plant and equipment	6	(251,796)	(427,488)
Payments for other intangibles	7	(89,972)	(1,288)
Repayment of loans by related parties		-	521,673
Proceeds from sale of available-for-sale financial assets		-	380,043
Net cash flows from investing activities		<u>(2,966,347)</u>	<u>(8,517,290)</u>
Cash flows from financing activities			
Proceeds from IPO	12.b	-	14,520,000
Proceeds from convertible notes	12.b	-	7,800,000
Loan from existing shareholders		-	2,021,379
Dividends paid	14	-	(2,896,072)
Repayment of Borrowings	10.1	(1,868,797)	-
Net cash flows from financing activities		<u>(1,868,797)</u>	<u>21,445,307</u>
Net increase in cash and cash equivalents		<u>1,236,393</u>	<u>15,379,847</u>
Cash and cash equivalents at the beginning of the half year		<u>21,002,933</u>	<u>4,197,373</u>
Cash and cash equivalents at end of the half year		<u>22,239,326</u>	<u>19,577,220</u>

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 half year ended 30 June 2016

1. Basis of preparation of interim report

This condensed consolidated interim financial report for the 6-month period ended 30 June 2016 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, except for financial assets at fair value through profit or loss which are measured at fair value.

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 SL (a company incorporated in Spain). The company determined that the capital reorganization of Mitula Classified SL 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 comparative results for the 6-month period ended 30 June 2015 including those results of Mitula Classified SL.

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are consistent with those applied in the annual report for the year ended 31 December 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 6-month period ended 30 June 2016 and have not yet been applied in the condensed interim financial statements:

Title of Standard	Summary and impact on Group's financial statements	Application date of the standard	Application date for Group for financial year ending
AASB 9 Financial Instruments	<p>AASB 9 Financial Instruments replaces AASB 139 and addresses and classification, measurement and derecognition of financial assets and liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness, treatment of hedging costs and risk components that can be hedged.</p> <p>AASB 9 introduces a new expected loss model impairment model that will require entities to account for expected credit losses at the time of recognising the asset. The Group does not expect the adoption of the new standard to have a material impact on its classification and measurement of the financial assets and liabilities or its results on adoption of the new impairment model.</p> <p>The new standard will result in extended disclosures in the financial statements. The Group has decided not to early adopt AASB 9.</p>	1 January 2018	30 June 2019

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

Title of Standard	Summary and impact on Group's financial statements	Application date of the standard	Application date for Group for financial year ending
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:</p> <ol style="list-style-type: none"> 1. identify contracts with customers 2. identify the separate performance obligations 3. determine the transaction price of the contract 4. allocate the transaction price to each of the separate performance obligations, and 5. recognise the revenue as each performance obligation is satisfied. <p>Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. The Group is assessing the impact of the new standard on its revenue recognition policy.</p>	1 January 2018	30 June 2019
AASB 16 Leases	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p> <p>The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$362,691. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.</p> <p>Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.</p> <p>Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.</p>	1 January 2019	30 June 2019

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

2. 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.

3. Financial risk management and financial instruments

3.1 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.

3.2 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 \$24.1 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.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

3.3 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.

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

The following table presents the Group's financial assets at fair value at 30 June 2016 and 31 December 2015:

	Note	30 June 2016 \$	31 December 2015 \$
Financial assets at fair value through profit or loss			
- Level 1	5	337,216	-
- Level 2		-	-
- Level 3		-	-
		337,216	-

4. Subsidiaries

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

Company name	Place of Business or Country of Incorporation	% Ownership interest held by the Group	Activity
Mitula Classified SL	Spain	100%	Vertical search website operator
Lokku Limited	U.K.	100%	Vertical search website operator
Mitula Group Pte Ltd	Singapore	100%	Vertical search website operator
Mitula Classified China Limited	Hong Kong	100%	Without activity
Nestoria UK Limited	U.K.	100%	Without activity
Nestoria Australia Limited	U.K.	100%	Vertical search website operator
Nestoria Spain SL	Spain	100%	Vertical search website operator
Nestoria Brasil Buscador de Imoveris Ltda	Brazil	100%	Vertical search website operator
Nestoria India Property Search Services Private Limited	India	99.99% (*)	Vertical search website operator

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

(*) As of 30 June 2016 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 6-month period ended in 30 June 2016 for minority shareholders adds to \$50).

5. Financials Assets

	Note	30 June 2016 \$	31 December 2015 \$
Lease guarantee		169,115	165,064
Financial assets at fair value through profit or loss	10	337,216	-
		506,331	165,064

The lease guarantee is the deposit paid by the Group as guarantee to the lessor of the office that the Group has in Madrid (Spain). This office is lease under non-cancellable operating leases expiring within five years. However, after three years the Group can cancel the lease with a 6 month notice.

The financial assets at fair value through profit or loss is the value of 98,683 shares of Only Apartments SA, a Spanish company listed in MAB (Alternative Trade Market in Spain) whose quoted price at 30 June 2016 was \$3.42 per share (€2,29 per share). These shares are subject to an escrow agreement and cannot be sold in the short term. The amount obtained in the selling of these shares will be used to pay Nuroa vendors, confronting Nuroa vendors the results of this operation and the changes in price suffered in the shares from the initial valuation, so there is recognized a liability of the same amount as "Other liabilities".

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

6. Property, plant and equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
	\$	\$	\$
At 1 January 2015			
Cost or fair value	-	628,369	628,369
Accumulated depreciation	-	(375,665)	(375,665)
Net book amount	-	252,704	252,704
Year ended 31 December 2015			
Opening net book amount	-	252,704	252,704
Exchange differences	-	103	103
Acquisition of subsidiary	-	44,485	44,485
Additions	231,816	422,032	653,848
Depreciation charge	(11,443)	(210,671)	(222,114)
Closing net book amount	220,373	508,653	729,026
At 31 December 2015			
Cost or fair value	231,816	1,094,989	1,326,805
Accumulated depreciation	(11,443)	(586,336)	(597,779)
Net book amount	220,373	508,653	729,026
Half Year ended 30 June 2016			
Opening net book amount	220,373	508,653	729,026
Exchange differences	(234)	(3,005)	(3,239)
Acquisition of subsidiary	-	6,741	6,741
Additions	6,693	245,103	251,796
Depreciation charge	(11,969)	(130,098)	(142,067)
Closing net book amount	214,863	627,394	842,257
At 30 June 2016			
Cost or fair value	238,275	1,343,828	1,582,103
Accumulated depreciation	(23,412)	(716,434)	(739,846)
Net book amount	214,863	627,394	842,257

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

7. Intangible assets

	Goodwill	Customer relationships	Trademarks and licenses	Software and website development	Total
	\$	\$	\$	\$	\$
At 1 January 2015					
Cost or fair value	-	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 31 December 2015					
Opening net book amount	-	-	-	-	-
Exchange differences	-	-	-	6,892	6,892
Acquisition of business	-	-	-	102,346	102,346
Additions	5,086,057	6,359,064	1,228	107,377	11,553,726
Adjustments/Disposals	-	-	-	(11,154)	(11,154)
Amortisation charge	-	(847,875)	-	(33,509)	(881,384)
Closing net book amount	5,086,057	5,511,189	1,228	171,952	10,770,426
At 31 December 2015					
Cost or fair value	5,086,057	6,359,064	1,228	205,461	11,651,810
Accumulated amortisation and impairment	-	(847,875)	-	(33,509)	(881,384)
Net book amount	5,086,057	5,511,189	1,228	171,952	10,770,426
Half Year ended 30 June 2016					
Opening net book amount	5,086,057	5,511,189	1,228	171,952	10,770,426
Exchange differences	(94,771)	-	-	(17,770)	(112,541)
Acquisition of business	3,713,265	-	-	-	3,713,265
Additions	-	-	-	89,972	89,972
Adjustments/Disposals	-	-	-	-	-
Amortisation charge	-	(635,906)	-	(20,409)	(656,315)
Closing net book amount	8,704,551	4,875,283	1,228	223,745	13,804,807
At 30 June 2016					
Cost or fair value	8,704,551	6,359,064	1,228	277,663	15,342,505
Accumulated amortisation and impairment	-	(1,483,781)	-	(53,917)	(1,537,699)
Net book amount	8,704,551	4,875,283	1,228	223,745	13,804,807

The Group had no intangible assets prior to 2015.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

8. 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.

(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, Panama, Peru, USA and Venezuela.
- **APAC** – comprising: Australia, China, Hong Kong, Indonesia, India, Malaysia, New Zealand, Pakistan, Philippines and Singapore.
- **EMEA** – comprising: Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Morocco, Netherlands, Nigeria, Poland, Portugal, Romania, Russia, South Africa, Spain, Sweden, Switzerland, Tunisia, 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 6-month period ended 30 June 2016 is as follows:

Consolidated entity 6-month period ended 30 June 2016	AMERICAS \$	APAC \$	EMEA \$	Total \$
Total revenue	3,486,354	2,776,440	7,323,867	13,586,661
Cost of sales	(155,332)	(393,337)	(1,141,283)	(1,689,952)
Gross profit	3,331,022	2,383,103	6,182,584	11,896,709
Gross profit percentage	96%	86%	84%	88%

The segment information provided to senior management for the reportable segments for the 6-month period ended 30 June 2015 is as follows:

Consolidated entity 6-month period ended 30 June 2015	AMERICAS \$	APAC \$	EMEA \$	Total \$
Total revenue	3,354,638	1,872,406	3,671,179	8,898,223
Cost of sales	(392,298)	(207,412)	(534,892)	(1,134,602)
Gross profit	2,962,340	1,664,994	3,136,287	7,763,621
Gross profit percentage	88%	89%	85%	87%

(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.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

(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.

(iv) Segment liabilities

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

9. 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 6 month period ended 30 June 2016 is 30%.

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

	30 June 2016 \$	30 June 2015 \$
Profit from ordinary activities before income tax:		
Continuing operations	5,984,607	2,894,670
Income tax calculated at 30%	1,795,382	868,401
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Employee option plan	172,200	-
Research and development tax credit	(72,000)	-
Other	(76,637)	-
Subtotal	1,818,945	-
Differences in overseas tax rates	(383,961)	(87,839)
Previously unrecognised tax losses now recouped to reduce current tax expense	(136,657)	-
Tax losses not brought to account	-	313,953
Total income tax expense	1,298,327	1,094,515

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.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

10. Business combinations

10.1 Current period acquisition - Nuroa

On 29 Feb 2016, the Mitula Classified SL acquired 100% of the issued share capital of Nuroa Internet SL. The total purchase consideration was approximately \$3.28 million (€2.14 million), which has been funded from its existing cash reserves by new shares issued by Mitula Group Ltd. (see Note 12).

Nuroa is a Spanish company which owns and operates 17 real estate vertical search Websites in 17 countries. Nuroa operates a similar model to the Mitula Group with revenues being derived from CPC (cost per click) and Google AdSense.

After the acquisition Nuroa was merged into Mitula Classified SL. The business combination behind of this transaction was registered at fair value at the acquisition date. The allocation of the Goodwill will be finalized within 12 months of the acquisition date. This transaction was undertaken to exploit the synergies of the two businesses and this is allowed in accordance to the Spanish local legislation which protects both legal entities.

a) Purchase consideration

	\$
Cash	2,754,708
Contingent considerations	444,148
Issued of new shares	79,067
Total purchase consideration	3,277,923

Cash consideration payable to the Nuroa vendors comprised of €2.14 million (\$3.28 million). The total amount included \$444,148 pending to pay, being this amount granted by 98,683 shares of Only Apartments SA, a Spanish company listed in MAB (Alternative Trade Market from Spain). Those shares are shown as "Investments" considering that the amount obtained in the selling of these shares will be destined to pay Nuroa vendors, confronting Nuroa vendors the results of this operation and the changes in price suffered in the shares from the initial valuation.

The assets and liabilities acquired are as follows:

	\$
Cash and cash equivalents	134,180
Trade and other receivables	331,553
Plant and equipment	6,741
Investments	291,019
Deferred tax assets	819,481
Trade and other payables	(99,522)
Tax liabilities	(49,993)
Borrowings	(1,868,797)
Net assets	(435,338)
Goodwill	3,713,265
Net assets acquired	3,277,927

The borrowings are related with loans received by Nuroa Internet SL from Public Institutions located in Spain with the aim to develop and finance technology companies in profitable conditions. Mitula Classified SL has cancelled all the loans during the period. The movement of the period is:

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

	31 December 2015	Business acquisition	Interest	Payments	30 June 2016
Borrowings from Nuroa Internet SL	-	1,868,797	13,958	(1,882,755)	-

Acquisition related costs of this business combination amounts to \$63,648.

b) Initial accounting

The net asset value has been assessed at 29 February 2016. The allocation of the Goodwill will be finalized within 12 months of the acquisition date.

c) Purchase consideration – cash outflow

	\$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,754,708
Contingent considerations	444,148
Total purchase consideration	3,198,856
Less: cash balance acquired	(134,180)
Net outflow of cash – investing activities	(3,064,676)

10.2 Prior period acquisition - Lokku

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. Details of this business combination were disclosed in Note 17 of the Group's annual financial statements for the year ended 31 December 2015. The net asset values and allocation of purchase price to acquired assets has been finalized during this half year. There were no material adjustments to the initial accounting values.

11. Other reserves

	30 June 2016 \$	31 December 2015 \$
Reserves	-	-
Retained earnings	9,426,549	4,740,269
Share-based payments	1,148,000	574,000
	10,574,549	5,314,269
Movements:		
Reserves		
Opening balance	-	446,460
Capital reorganization	-	(446,460)
Closing balance	-	-
Retained earnings		
Opening balance	4,740,269	4,935,897
Capital reorganization	-	105,955
Dividend	-	(2,896,072)
Other Changes	-	5,866
Profit for the period	4,686,280	2,588,623
Closing balance	9,426,549	4,740,269

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

	30 June 2016 \$	31 December 2015 \$
Share-based payments		
Opening balance	574,000	79,957
Capital reorganization - Liquidation previous share plan	-	(79,957)
Share plan expense	574,000	574,000
Closing balance	1,148,000	574,000

12. Contributed equity

(a) Share capital

		30 June 2016 \$
	Notes	Number of shares
Ordinary shares		
Ordinary shares fully paid	12b)	208,819,201
		27,309,279

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$
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
30 September 2015	New shares Lokku vendors second option	g)	3,777,677	0.98	3,683,235
			208,737,689	-	28,553,247
	Transaction costs on share issue		-	-	(1,323,035)
	Closing balance		208,737,689	-	27,230,212
1 January 2016	Opening balance		208,737,689	-	27,230,212
16 March 2016	New shares Nuroa vendors	h)	81,512	0.97	79,067
	Closing balance		208,819,201	-	27,309,279

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

b) As of 24 March 2015 Mitula Classified SL 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 SL) agreed to contribute 343,600 ordinary shares in Mitula Classified SL (representing 100% of the issued capital of Mitula Classified SL) 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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

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;
- 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.

g) Pursuant to the terms of the acquisition agreement between the Group and Lokku vendors, the Lokku vendors acquired 3,777,677 shares at a price of \$0.60 per share on 15 October 2015.

h) Pursuant to the terms of the acquisition agreement between Mitula Classified SL and Nuroa vendors, the Nuroa vendors received 81,512 shares at a price of \$0.97 per share on March 2016 as part of the payment of the price agreed in the purchase and sale agreement.

13. Share-based payments

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. Total expenses arising from share-based payment transactions recognised during the period was \$574,000.

14. Dividends

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. That amount was paid in February 2015.

The Company is not proposing to pay a dividend in 2016, nor is there a dividend or distribution reinvestment plan in operation.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

15. 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:

(a) Basic and diluted earnings per share

	30 June 2016		30 June 2015	
	Cents per share		Cents per share	
	Basic	Diluted	Basic	Diluted
From continuing operations attributable to the ordinary equity holders of the company	2.24	2.21	1.05	1.04

(b) Weighted average number of shares used as denominator

	30 June 2016	30 June 2015
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	208,785,238	171,800,012
Weighted average of potential dilutive ordinary shares:		
- options	2,800,000	1,259,226
Weighted average number of shares used as denominator in calculating diluted EPS	211,585,238	173,059,238

(*) At 24 March 2015, Mitula Classified SL has performed two split of shares from nominal value of €1 to a nominal value of €0.01 (see Note 12).

On 25 March 2015 existing shareholders of Mitula Classified SL contributed their shares in this company for the issue of 171,800,000 ordinary shares of Mitula Group (see Note 12).

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

16. Contingencies

The Group had no contingent liabilities at 30 June 2016 (2015: nil).

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements For the half year ended 30 June 2016

17. Events occurring after the reporting period

There were no subsequent events after the reporting period occurred.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration

30 June 2016

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 6 to 24 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 June 2016 and of its performance for the half-year 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.

A handwritten signature in black ink, appearing to read 'Simon Baker', is written over a faint, circular embossed seal.

Simon Baker
Chairman

Dated this 9 August 2016



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mitula Group Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year 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 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 half-year 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 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 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



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 Mitula Group Limited is not in accordance with the *Corporations Act 2001* including:

1. 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;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S.P. #A

Jon Roberts
Partner

Melbourne
9 August 2016