ASX Announcement – Onthehouse Holdings Limited

Wednesday 31st of August 2011

Financial Results and ASIC Audited Accounts

Please find attached (in accordance with Listed Rules 4.3A) for release to the market, copies of Onthehouse Holdings Limited's:

- Appendix 4E – Preliminary final report for the year ending 30 June 2011; and
- 2011 Audited Financial Report (including the Directors' Report, the Financial Report, the Directors' Declaration and the Audit Report).

For further information please contact:

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APPENDIX 4E

Preliminary final report

Onthehouse Holdings Limited

ABN: 97 150 139 781

Period ending 30 June 2011

Previous corresponding period: 30 June 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

			$A'000
Revenue from continuing operations	Increased	to	1,485
Loss from continuing operations after tax attributable to members	Decreased	to	(1,826)
Net loss for the period attributable to members	Decreased	to	(1,826)

Dividends

It is not proposed to pay any dividends.

Net Tangible Assets

	Current period	Previous period
Net tangible asset backing per ordinary security (cents)	(3.89)	(41.6)

This information should be read in conjunction with the Directors' report and the full year financial statements for the period. This report is audited.

Onthehouse Holdings Limited
ABN 97 150 139 781

Audited Financial Report

Year Ended 30 June 2011

Onthehouse Holdings Limited
Financial Report – Table of Contents
For the Year Ended 30 June 2011

Page Number

Onthehouse Holdings Limited
Directors' Report

The Directors present their report on Onthehouse Holdings Limited ("Onthehouse" or "the Company") for the financial year ended 30 June 2011. Onthehouse Holdings Limited was incorporated as a public company on 29 March 2011 and acquired 100% of the issued equity of Onthehouse.com.au Pty Limited ("onthehouse.com.au") on 26 May 2011, in order to facilitate the Listing. The substance of the Restructure has been evaluated with reference to Australian Accounting Standard AASB 3 Business Combinations, and it has been determined that the Restructure did not represent a business combination as outlined in that standard. The accounting treatment adopted for recognising this new group structure is a form of group reorganisation that does not involve any change of economic substance and, therefore, represents a continuation of the existing group previously controlled by Onthehouse.com.au Pty Limited.

Information set out in this Directors' Report represents Onthehouse Holdings Limited, however operating results (including comparatives) and the Remuneration Report reflect a continuation of onthehouse.com.au.

1. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Jim McKerlie – *Non-executive Chairman* – appointed 29 Mar 2011 (onthehouse.com.au 1 Jan 2011)

Jim has worked for over 25 years as a senior executive and business consultant in Australia, North America, Europe, Asia and South Africa specialising in technology development, business integration and the growth of new media opportunities.

Jim is the current Chairman and former Group CEO of Bullseye Pty Ltd, an international digital services company and a global provider of business software solutions. Bullseye is one of Australia's largest independent providers of digital marketing, application development and internet integration services and was created by the merger of four separate businesses in 2007, which Jim managed.

He is also currently Chairman of Drillsearch Energy Limited (ASX) (*appointed 12 August 2008*) and formerly a director of Great Artesian Oil and Gas Ltd (ASX) (*from 12 September 2007 to 12 August 2008*), Two Way TV Ltd (ASX) and Chairman of Circumpacific Energy Corp (TSVX)(*from 26 November 2009 to 25 November 2010*). Previously, Jim was a partner-in-charge at Deloitte and a managing partner at KPMG. His media and telecommunications transactions experience includes managing the competitive process for the award mobile telecommunication licences in Australia (Vodafone), Czech Republic, South Africa, Austria and Malaysia; architect and lead advisor in the creation of PowerTel (now part of AAPT); and provided strategic planning services to a range of major telecommunication, media and information services companies.

Jim was named as one of the 12 most influential people in Australia's ITC industry by Smart Company magazine in 2010 and published "Business@100MBPS - a View of the Firm of the Future" in 2009. He has postgraduate degrees in Economics and Finance, undertaken post graduate studies at IMD and is a Fellow of the Australian Institute of Company Directors, Institute of Chartered Accountants and Institute of Management Consultants.

Jim chairs the Remuneration & Nominations Committee and is a member of the Audit & Risk Committee and Technical Committee.

Michael Fredericks – *Managing Director & CEO* – appointed 29 Mar 2011 (onthehouse.com.au 19 Feb 2007)

Michael is the founder of onthehouse.com.au and the driving force behind its vision and strategy. Michael has over 11 years experience as an intellectual property and technology lawyer. Previously, Michael was a partner of national law firm HWL Ebsworth Lawyers, specialising in intellectual property and technology (including web based business concepts). Michael established and was the Department Head of the Brisbane Corporate Department and National Department Head of the Technology & Intellectual Property Department at the firm. Michael oversaw strong organic growth of his Brisbane Corporate team in Australia's Fastest Growing Law Firm (The Australian Legal Survey, 2006 and 2007).

Michael has extensive knowledge of the real estate data, online real estate classifieds and real estate business solutions markets in Australia. Michael has established a wealth of industry connections and relationships which has formed the foundations of development of the Onthehouse Holdings platform and business strategy over the last 5 years.

Michael has a Bachelor of Laws and is admitted as a Solicitor to the Supreme Court of Queensland. Michael is a member of the Technical Committee.

Warwick Face – *Non-executive Director* – appointed 29 Mar 2011 (onthehouse.com.au 21 Feb 2011)

Warwick is currently the Partner in charge of the Transaction Advisory Services Practice of Brisbane Baker Tilly International firm Johnston Rorke. Warwick has 18 years broad ranged professional and commercial experience, and for two years was the Chief Financial Officer of Brisbane based property information and software services business RP Data Ltd. During his time at RP Data Ltd he led the company's IPO process, oversaw the completion of six acquisitions and integrations, and also managed strong organic growth. Warwick was previously a Partner of Deloitte Australia, and prior to that a Principal at Ernst & Young working in Australia, the USA's Silicon Valley and New York.

Warwick has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is also a board member of Arthritis Queensland.

Warwick chairs the Audit & Risk Committee and is a member of the Remuneration & Nominations Committee and the Technical Committee.

Gail Pemberton – *Non-executive Director* – appointed 30 Mar 2011

Gail has over 30 years experience in the financial services industry, at the Chief Executive Officer, Chief Operating Officer and Chief Information Officer level, and has developed risk management and strategic skills with particular experience in data management, information technology, business process rationalisation and outsourcing. Gail was the former Chief Operating Officer of BNP Paribas Securities Services in the UK and prior to transferring to London, Gail was Managing Director of Australia and New Zealand for BNP Paribas Securities Services. Before joining BNP, Gail was an Executive Director at Macquarie Bank where she was Chief Information Officer for 12 years and then Chief Operating Officer for the Financial Services Group. While at Macquarie, Gail played a leading role in several major acquisitions including the global investment banking operations of Bankers Trust Australia and multiple stockbroking businesses.

Gail was named Chief Information Officer of the Year (1999) and Chief Information Officer of the Decade (2000) by Australian Banking and Finance Magazine and was awarded the Centenary Medal (2001) for outstanding services to Australian business.

Gail is currently a director of Trans-Tasman Collection Holdings (Baycorp), SIRCA, Chair of Onevue and independent adviser to the NSW Government on Corporate and Shared Services Reform and to Third Horizon Consulting Partners. She has previously been a Trustee of the Sydney Opera House, a director of Harvey World Travel and Alleron Funds Management.

Gail has undertaken post graduate study overseas at Harvard and IMD, a Master of Arts from UTS and is a Fellow of the Australian Institute of Company Directors.

Gail chairs the Technical Committee and is a member of the Remuneration & Nominations Committee and the Audit & Risk Committee.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interest of the Directors in the shares and options of Onthehouse Holdings Limited were:

	Number of Ordinary Shares	Options
J. McKerlie	730,530	500,000
M. Fredericks	7,077,606	750,000
W. Face	224,238	250,000
G. Pemberton	224,245	250,000

2. Company secretary

Craig Dawson – appointed 23 May 2011
Craig is a Chartered Accountant and has more than 16 years extensive financial management experience gained in a variety of ASX listed entities with both local and international operations. Craig was previously the Chief Financial Officer of leading ASX-listed online travel company Wotif.com Holdings Limited, where he led finance teams in Brisbane, Sydney, Thailand and Malaysia in managing the significant growth for the group. Previously he was the Queensland General Manager – Corporate Services at Tattersalls Limited, responsible for the finance and administration divisions of Tattersalls Queensland operations.

3. Dividends

The Directors advise that no dividends have been paid or declared since the start of the financial year (2010: nil). The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2011.

4. Principal activity

The principal activity of the Group is the provision of a real estate content platform to consumers and software, online products and data solutions to real estate professionals.

5. Group overview

The year ended 30 June 2011 was significant for Onthehouse with the business securing acquisition options over two businesses Console Australia Pty Limited and PortPlus Pty Ltd. In April 2011, Onthehouse lodged a Prospectus for its Initial Public Offering (IPO) in order to raise $55,000,000 to complete the acquisitions. These were completed on 27 May 2011, and the Group listed on the Australian Stock Exchange on 3 June 2011. Subsequent to the listing, efforts have been focused on implementing a strategy of integrating the three businesses into a single entity with three lines of business being Consumer Online, Real Estate Agency Solutions and Information & Analytics. The requisite restructuring across the group caused a $408,000 provision to be recorded at 30 June 2011.

Consumer Online
The Consumer Online Division provides a platform of publicly available real estate websites underpinned by the onthehouse.com.au website, providing free access to an extensive database of real estate content and property values on most properties in Australia, including traditional real estate online classified listings. The future commercialisation of this division lies in utilising the content to attract site visitors and then monetising this traffic.

Real Estate Agency Solutions
The Real Estate Agency Solutions division provides front and back office tools for Real estate agents. This division consists of the Console and Portplus businesses purchased on 27 May 2011. It provides an integrated platform for office administration, property sales and management applications and other business performance tools for real estate agents adding to and utilising Onthehouse's extensive database.

Information and Analytics Services
The information and Analytics services division leverages our extensive database of real-time and historical property information to provide customised data and reports to the Australian real estate industry and related industries. Prior to year end the group acquired 10% of Residex Pty Limited and subsequent to year end the group increased its interest to 50%. The acquisition of the Residex interest is strategic for Onthehouse as it facilitates the integration of even greater data depth to the Onthehouse database from one of Australia's oldest real estate data businesses with over 20 years of proprietary real estate information and a leading automated valuation methodology product.

Operating results for the year
Due to the restructure of the Onthehouse shareholdings and the acquisition of the Console and Portplus businesses, the Group result for FY11 encompasses the entities for the following periods:

- Onthehouse Holdings Limited for the period 29 March 2011 to 30 June 2011
- Onthehouse.com.au Pty Ltd for the period 1 July 2010 to 30 June 2011
- Console Australia Pty Ltd (and New Zealand subsidiary) for the period 27 May 2011 to 30 June 2011
- PortPlus Pty Ltd (and New Zealand subsidiary) for the period 27 May 2011 to 30 June 2011

The group recorded a loss of $1,828,000 for the year ended 30 June 2011 (2010 Onthehouse.com.au Pty Ltd only: $763,000 loss). The group EBITDA for the year was a loss of $1,523,000 compared to the prospectus forecast EBITDA loss of $1,590,000.

Review of financial condition
The consolidated cash flow statement shows an increased cash balance for the group for the year to $1,747,000. This is due to the funds raised from the IPO and also the acquisitions of Console and Portplus. As per the prospectus the cash position at 30 June 2012 is forecast to be $8,556,000 with outstanding debt of $3,104,000. This forecast increase in cash flow is expected to be generated from operating activities for the Group.

At 30 June 2011 no debt is drawn on the Westpac debt facility established during the IPO. Subsequent to year end, $3,000,000 was drawn to pay for the increased investment in Residex on 8 August 2011.

Risk management
The Board is responsible for overseeing the Group's systems of internal control and risk management. The Board has delegated the direct review of risk management to the Audit and Risk Committee which comprises 3 independent directors. As part of its role the Committee will continue to review the effectiveness of the Group's risk management systems annually including a documented risk management framework.

6. Significant changes in state of affairs

Total equity increased to $59,101,000 following the Initial Public Offering of the group. Most of the funds raised were used to complete the acquisitions of Console and Portplus which underpin the Real Estate Agency Services Division, pay for the costs of these transactions and services associated with the ASX listing of the Company.

7. Significant events after the balance date

On 2 August 2011, following completion of satisfactory due diligence, the company acquired a further 40% of Residex Pty Limited for $2,800,000. Completion occurred on the 8 August 2011, taking the group ownership to 50%. This was funded by a drawdown of the Westpac debt facility.

In addition, the Directors have entered into a put and call agreement for the remaining 50% shares in Residex Pty Limited. Should the put or call be exercised, final settlement is expected to occur between 9 July 2012 and 23 July 2013. The consideration for the final settlement will be determined by the reported profit before tax over the preceding 12 months but will not be lower than $3,500,000.

No other matter of circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Company's operations, the results of those operations or the Company's state of affairs in subsequent financial years other than as disclosed in note 30 in the accompanying financial report.

8. Likely developments and expected results

Information as to the likely developments and expected results of operations are fully documented in the company's prospectus. The Directors have no reason to change their view that the 2012 year will continue to see results in line with this prospectus including growth in the business and extraction of synergies from acquired businesses.

9. Environmental disclosure

The operations of the Group are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories. The Group has not incurred any liability under any environmental legislation.

10. Shares options

Unissued shares
As at the date of this report, there were 2,700,000 unissued ordinary shares under options (2,700,000 at the reporting date). Refer to the remuneration report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options
During the financial year 165,730 shares were issued as a result of the exercise of options.

11. Indemnification and insurance of Directors and Officers

Pursuant to Access and Indemnity Deeds signed by the Directors and Company Secretary, the Company has agreed to indemnify each Director and the Secretary against any liability incurred by the Director or Secretary being a Director or Secretary of the Company and to pay all reasonable defence costs in relation to any claim alleging any liability on the part of the Director or Secretary as a result of the Director or Secretary being a Director or Secretary of the Company.

The Company has agreed to maintain Director's and Officers' Liability Insurance upon terms and conditions reasonably satisfactory to the Directors. Under the terms of the policy, the Company is precluded from disclosing the details of premiums paid.

12. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of Director were as follows:

	Directors' meetings		Meetings of committees Audit & Risk		Remuneration and Nominations		Technical	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
J McKerlie	6	6	1	1	1	1	-	-
M Fredericks	6	6	-	-	-	-	-	-
W Face	6	6	1	1	1	1	-	-
G Pemberton	6	6	1	1	1	1	-	-

A – Number of meetings held during the time the Director held office during the year.
B – Number of meetings attended.

Committee membership
As at the date of this report, the Company had an Audit & Risk committee, Remuneration and Nominations committee, and a Technical committee of the board of Directors.

Members acting on the committees of the board during the year were:

Audit & Risk	Remuneration and Nominations	Technical
W Face (c)	J McKerlie (c)	G Pemberton (c)
J McKerlie	W Face	J McKerlie
G Pemberton	G Pemberton	W Face
		M Fredericks

Note: (c) Designates the chairperson of the committee

13. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the Class Order applies.

14. Auditor Independence and non-audit services

The directors received the declaration set out on page18 from the auditor of Onthehouse Holdings Limited.

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	2011	**2010**
	$	**$**
Due diligence services	**68,000**	-
Investigating accountant services	**489,097**	-
Total	**557,097**	-

15. Remuneration report (audited)

This remuneration report for the year ended 30 June 2011 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The remuneration report is presented under the following sections:
a. Individual key management personnel disclosures
b. Board oversight of remuneration
c. Non-executive director remuneration arrangements
d. Executive remuneration arrangements
e. Executive contractual arrangements
f. Equity instruments disclosures

a. Individual key management personnel disclosures

Key management personnel

(i) Directors

J. McKerlie	Chairman (non-executive) – appointed 1 January 2011
M. Fredericks	Managing Director & CEO
W. Face	Director (non-executive) – appointed 21 February 2011
G. Pemberton	Director (non-executive) – appointed 30 March 2011

(ii) Executives

C. Dawson	Chief Financial Officer & Company Secretary – appointed 23 May 2011
E. Lynch	Director Products and Services – appointed 27 May 2011
P. Dickman	Director Corporate Development – appointed 31 January 2011
C. Thwaites	Former CEO Console – resigned 30 June 2011

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

b. Board oversight of remuneration

Remuneration and Nominations Committee
The remuneration and nominations committee is responsible for making recommendations to the board on the remuneration arrangements for non-executive directors (NEDs) and executives.

The remuneration and nominations committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the remuneration committee can also engage external consultants to provide independent advice.

The remuneration and nominations committee comprises three independent NEDs.

Remuneration approval process
The board approves the remuneration arrangements of the CEO and executives and all awards made under the long-term incentive (LTI) plan, following recommendations from the remuneration committee. The board also sets the aggregate remuneration of NEDs which is then subject to shareholder approval.

The remuneration and nominations committee approves, having regard to the recommendations made by the CEO, the level of the Group short-term incentive (STI) pool.

Remuneration strategy
Onthehouse Holdings Limited's remuneration strategy is designed to attract, motivate and retain employees and NEDs by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:
- Are aligned to the Group's business strategy
- Offer competitive remuneration benchmarked against the external market
- Provide strong linkage between individual and Group performance and rewards

Remuneration report (audited) (cont)

c. Non-executive director remuneration arrangements

Remuneration structure
In accordance with best practice corporate governance, the structure of NED and executive remuneration is separate and distinct.

Structure
The remuneration of NEDs consists of directors' fees and committee fees (where applicable). NEDs do not receive retirement benefits.

NED's are to be paid such aggregate directors fees as the Company in general meeting determines, to be divided among them as agreed. The current limit is $400,000.

d. Executive remuneration arrangements

Remuneration levels and mix
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

Structure
In the 2011 financial year, the executive remuneration framework consisted of the following components:
- Fixed remuneration
- Variable remuneration

Fixed remuneration
Executive contracts of employment do not include any guaranteed base pay increases. External market data will be obtained if necessary from national remuneration surveys to ensure that base pay is set to reflect the market. Base pay for senior executives is reviewed annually to ensure that it is competitive with the market.

Variable remuneration — short-term incentive (STI)
The Group is developing an annual STI program that will be available to executives and awards a cash bonus subject to the attainment of clearly defined Group, business unit and individual measures.

The total potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets have yet to be established by the board but will consist of a number of key performance indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance.

Variable remuneration – long term incentive (LTI)
The Group uses equity as part of its remuneration approach and this has taken the form of an issue of options under the Executive Share Option plan. Each option entitles the holder to one fully paid ordinary share in the company.

The board reviews the use of options from time to time. It is considered that options are an effective long term incentive that aligns executives with shareholder interests.

Employee share option plan (ESOP)
Under the terms of the ESOP, offers to apply for the issue of options to subscribe for shares may be made to eligible employees or Directors, as determined by the Board. The total number of Shares which may be acquired from the issue of Options under the ESOP must not exceed 5% of the total of the following:
- the total number of issued shares in the Company as at the date of the offer made to the participant;
- the total number of shares underlying the Options issued under the ESOP; and
- the number of shares underlying the outstanding Options to subscribe for Shares issued by the Company under any other employee share or option scheme of the Company, less that number of options granted under certain exemptions listed in the terms of the ESOP including where the offer of options did not need disclosure to investors under the Corporations Act.

The Board has discretion to determine the specific terms and conditions applying to each offer under the ESOP including the exercise price. The options are personal to the participant and cannot be exercised by another person, unless approved by the Board.

Remuneration report (audited) (cont)

Onthehouse Holdings has issued a total of 3,350,000 options to executive and directors of the company. The key terms of these options are

- the first vesting condition was listing:
- the exercise price for the options was $1.00;
- the options granted to Michael Fredericks, Eddie Lynch and Craig Thwaites are also subject to completion of two years employment with the group.

Hedge Policy
No Directors or officers may hedge their risk on shares or options held in the company.

Company Performance
As at 30 June 2011 the company's share price was $0.675 and the earnings per share for the year ended 30 June 2011 was a loss per share of ($0.19).

e. Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements.

Managing Director

M Fredericks is employed under a contract with the following key terms:

Term	Three years, until the end of April 2014
Total fixed salary per annum (including superannuation)	$272,500 subject to annual review.
Bonus / short term incentive	Up to 40% of base remuneration subject to achievement of certain key performance indicators.
Termination by executive	Mr Fredericks may terminate his employment on six months' notice.
Termination by Company	The Company may terminate Mr Fredericks' employment on six months' notice or payment of six months compensation in lieu of notice. Otherwise, the Company may terminate his employment for cause in which case he is entitled to unpaid salary and statutory amounts.
Restrictions	The agreement includes certain restrictions on being associated with competitive businesses or soliciting clients or employees of the Company for a period up to 12 months after termination.

In addition to the above, Mr Fredericks has received 750,000 options and also has access to a Company car.

Other KMP
All other KMP have rolling contracts. The various employment contracts stipulate a range of resignation periods. The company may terminate the various employment contracts without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component with a range of notice periods between 3 to 9 months. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Group can terminate employment at any time.

Remuneration report (audited) (cont)

Remuneration of key management personnel and the executives of the Company and the Group

Year ended 30 June 2011	**Short-term benefits**				**Post-employment**	**Long-term benefits**		**Share-based payments**	**Termination payments**	**Total**	**Performance related**
	Fixed - Salary & fees $	**STI - Cash bonus $**	**Non monetary benefits $**	**Other $**	**Super-annuation $**	**Cash Incentives $**	**Long service leave $**	**Options issued $**	**$**	**$**	**%**
Non-executive Directors											
J. McKerlie (appointed 1/1/ 2011)*	31,792	-	-	-	-	-	-	2,565	-	34,357	-
W. Face (appointed 21/2/2011)*	26,500	-	-	-	-	-	-	1,283	-	27,783	-
G. Pemberton (appointed 30/3/2011)	20,000	-	-	-	-	-	-	1,283	-	21,283	-
Total Non-executive Directors	78,292	-	-	-	-	-	-	5,131	-	83,423	-
Executive Directors											
M. Fredericks *	193,462	-	-	-	7,962	-	-	3,086	-	204,510	-
Other key management personnel											
C. Dawson (appointed 23/5/2011)	28,846	-	-	-	2,596	-	-	1,234	-	32,676	-
E. Lynch (appointed 27/5/2011)	19,231	-	-	-	1,731	-	-	4,115	-	25,077	-
P. Dickman (appointed 31/1/2011)	68,462	-	-	-	6,162	-	-	617	-	75,241	-
C. Thwaites (appointed 27/5/2011)	8,462	-	-	-	966	-	-	-	52,105	61,533	-
Total executive KMP	318,463	-	-	-	19,417	-	-	9,052	52,105	399,037	-
Totals	**396,755**	**-**	**-**	**-**	**19,417**	**-**	**-**	**14,183**	**52,105**	**482,460**	**-**

No former director has received any remuneration during FY2011

Year ended 30 June 2010	**Short-term benefits**				**Post-employment**	**Long-term benefits**		**Share-based payments**	**Termination payments**	**Total**	**Performance related**
	Fixed - Salary & fees $	**STI - Cash bonus $**	**Non monetary benefits $**	**Other $**	**Super-annuation $**	**Cash Incentives $**	**Long service leave $**	**Options issued $**	**$**	**$**	**%**
Executive Directors											
M. Fredericks	210,000	-	-	-	-	-	-	-	-	210,000	-
Totals	**210,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210,000**	**-**

*Appointed as a Director of Onthehouse Holdings Limited on incorporation being 29 March 2011.

Remuneration report (audited) (cont)

f. Equity instruments

Options awarded and vested during the year

Year ended 30 June 2011	Terms and Conditions for each Grant during the year							Options vested during the year	
	Options awarded during the year No.	Award date	Fair value per option at award date ($)	Exercise Price ($)	Expiry Date	First exercise date	Last exercise date	No.	%
Non-executive Directors									
J. McKerlie	500,000	30-Mar-2011	0.0388	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
W. Face	250,000	30-Mar-2011	0.0388	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
G. Pemberton	250,000	30-Mar-2011	0.0388	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
Executive Directors									
M. Fredericks	750,000	30-Mar-2011	0.0425	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
Other key management personnel									
C. Dawson	300,000	30-Mar-2011	0.0425	1.00	30-Jun-2016	30-Jun-2012	30-Jun-2016	-	-
E. Lynch	1,000,000	30-Mar-2011	0.0425	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
P. Dickman	150,000	30-Mar-2011	0.0425	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
C. Thwaites	150,000	30-Mar-2011	0.0425	1.00	30-Jun-2016	30-Jun-2013	30-Jun-2016	-	-
Total	3,350,000							-	

Value of options awarded, exercised and lapsed during the year ^

	Value of options granted during the year $	Value of options exercise during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Non-executive Directors				
J. McKerlie	19,400	-	-	8.1%
W. Face	9,700	-	-	4.8%
G. Pemberton	9,700	-	-	6.4%
Executive Directors				
M. Fredericks	31,875	-	-	1.5%
Other key management personnel				
C. Dawson	12,750	-	-	3.8%
E. Lynch **	42,500	-	(21,250)	16.4%
P. Dickman	6,375	-	-	1.0%
C. Thwaites *	6,375	-	(6,375)	-

^ For details on the valuation of the options, including models and assumptions used, please refer to note 25.
* Represents forfeiture on resignation.
** Represents the forfeiture of half outstanding options due to renegotiation of role

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

Shares issued on exercise of options

There were no shares issued on exercise of executive options.

Signed in accordance with a resolution of the directors.

Jim McKerlie
Chairman

31 August 2011

Michael Fredericks
Managing Director & CEO

31 August 2011

Onthehouse Holdings Limited
Corporate Governance Statement

The Board of Directors of Onthehouse Holdings Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of Onthehouse Holdings Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section, that are designed to achieve this objective. Onthehouse's corporate governance charters and policies are intended to "institutionalise" good corporate governance and, generally, to build a culture of best practice both in Onthehouse's own internal practices and in its dealings with others. The following are a tangible demonstration of Onthehouse's corporate governance commitment.

Independent professional advice
With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by Onthehouse.

Code of ethics and values
Onthehouse has developed and adopted a detailed code of conduct to guide Directors in the performance of their duties.

Code of conduct for transactions in securities
Onthehouse has developed and adopted a formal securities trading policy to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

Charter
The code of conduct and securities trading policy (amongst others and referred to above) can be inspected on the Company's website at www.onthehouse.com.au.

Substantial compliance with ASX corporate governance guidelines and best practice recommendations
The ASX document, "Corporate Governance Policies and Recommendations with 2010 amendments" Corporate Governance Policies and Recommendations published 30 June 2010 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Company is in compliance with the following principles and recommendations.

The table below summarises the Company's compliance with the CGC's recommendations.

	Recommendation	Comply Yes / No	ASX Listing Rule/CGC recommendations	Reference / explanation
Principle 1 — Lay solid foundations for management and oversight				
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	*ASX CGC 1.1*	The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, and in light of practical experience gained in operating as a listed company. Onthehouse complies with the Guidelines in this area.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	*ASX CGC 1.2*	
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	*ASX CGC 1.3*	
Principle 2 — Structure the board to add value				
2.1	A majority of the board should be independent directors.	Yes	*ASX CGC 2.1*	Each of the non-executive Directors, including the Chairman, are independent. Together the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company. The Board currently consists of four Directors; an executive Director and three non-executive Directors. The Managing Director and Chief Executive Officer is not independent. The Board considers that a four person board is an appropriate size for a company with the size and growth profile of Onthehouse. The Board further considers that to add additional independent directors at this time would increase the Board's size beyond an efficient working level. The Board may seek to add additional directors to the Board in the future. There are procedures in place to allow Directors to seek, at Onthehouse's expense, independent advice concerning any aspect of operations.
2.2	The chair should be an independent director.	Yes	*ASX CGC 2.2*	
2.3	The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.	Yes	*ASX CGC 2.3*	
2.4	The board should establish a nomination committee.	Yes	*ASX CGC 2.4*	
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	*ASX CGC 2.5*	
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes	*ASX CGC 2.6*	
Principle 3 — Promote ethical and responsible decision-making				
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Yes	*ASX CGC 3.1*	The Board has adopted a detailed code of conduct and a detailed securities trading policy. The purpose of this code and policy is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities. The Board will ensure that restrictions on dealings in securities are strictly enforced. The code and policy have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Guidelines.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	*ASX CGC 3.2*	
3.3	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	*ASX CGC 3.3*	
Principle 4 — Safeguard integrity in financial reporting				
4.1	The board should establish an audit committee.	Yes	*ASX CGC 4.1*	The Audit and Risk Committee (with its own charter) complies with the Guidelines. All the members of the Audit and Risk Committee are financially literate.
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	Yes	*ASX CGC 4.2* *ASX LR 12.7*	
4.3	The audit committee should have a formal charter.	Yes	*ASX CGC 4.3*	
4.4	Companies should provide the information indicated in the guide to reporting on Principle 4.	Yes	*ASX CGC 4.4*	

Recommendation	Comply Yes / No	ASX Listing Rule/CGC recommendations	Reference / explanation
Principle 5 — Make timely and balanced disclosure			
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	*ASX CGC 5.1*	Onthehouse's current practice on disclosure is consistent with the Guidelines. Policies for compliance with ASX Listing Rule disclosure requirements are included in the Company's Board Charter and disclosure policy.
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	*ASX CGC 5.2*	
Principle 6 — Respect the rights of shareholders			
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	ASX CGC 6.1	The Board recognises the importance of this principle and strives to communicate with Shareholders regularly and clearly. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors are expected to always attend the annual general meeting and be available to answer Shareholders' questions. The Company's policies including its disclosure policy and Shareholder communication guidelines and policy comply with the Guidelines in relation to the rights of Shareholders.
6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	ASX CGC 6.2	
Principle 7 — Recognise and manage risk			
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	ASX CGC 7.1	The Board, together with management, intends to constantly seek to identify, monitor and mitigate risk. Internal controls are intended to be monitored on a continuous basis and, wherever possible, improved. The whole issue of risk management is formalised in the Company's audit and risk committee charter (which complies with the Guidelines in relation to risk management) and will continue to be kept under regular review. Review is intended to take place at both committee level (Audit and Risk Committee), with meetings at least four times a year and at Board level.
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	ASX CGC 7.2	
7.3 The board should disclose whether it has received assurance from the CEO [or equivalent] and the Chief Financial Officer (CFO) [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	ASX CGC 7.3	
7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	ASX CGC 7.4	
Principle 8 — Remunerate fairly and responsibly			
8.1 The board should establish a remuneration committee.	Yes	ASX CGC 8.1	Remuneration of Directors and members of senior management will be fully disclosed in the annual report and any changes announced in accordance with continuous disclosure principles. The Remuneration and Nomination Committee has been established with its own charter.
8.2 Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives.	Yes	ASX CGC 8.2	
8.3 Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes	ASX CGC 8.3	

Onthehouse Holdings Limited's corporate governance practices were in place from the period of listing to 30 June 2011.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Onthehouse Holdings Limited's, refer to our website: www.onthehouse.com.au

Scope of responsibility of Board

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principles in meeting this responsibility are to act honestly, fairly and diligently, in accordance with the law, in the interests of Onthehouse's Shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders. The Board's responsibilities generally involve:

- govern the affairs of the Company;
- appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role;
- provide guidelines for strategic planning and risk management; and
- supervise the Company's reporting and disclosure obligations.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

- composition of the Board itself including the appointment and removal of Directors;
- oversight of the Company including its control and accountability system;
- appointment and removal of senior management including the Managing Director, Chief Financial Officer and Company Secretary;
- review and oversee systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances;
- monitor senior management's performance and implementation of strategy; and
- approve and monitor financial and other reporting and the operation of committees.

Composition of Board

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- the Board should comprise at least three Directors;
- the majority of the Board must be non-executive Directors; and
- the Chairman of the Board must be a non-executive Director who is independent.

Board charter and policy

The Board has adopted a charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

- a detailed definition of "independence";
- a framework for strategic planning and risk management;
- a framework for individual performance review and evaluation;
- basic procedures for meetings of the Board and its committees;
- ethical standards and values – formalised in a detailed code of conduct;
- dealings in securities – formalised in a detailed securities trading policy designed to ensure fair and transparent trading by Directors and senior management and their associates; and
- communications with Shareholders and the market. These initiatives, together with other matters provided for in the Board's charter, are designed to "institutionalise" good corporate governance and generally build a culture of best practice in Onthehouse's own internal practices and in its dealings with others.

Audit and Risk Committee
The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.
The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee will be responsible are the following:

- Board and committee structure to facilitate a proper review function by the Board;
- internal control framework including management information systems;
- the establishment of a risk management process to identify, assess, monitor and control risk;
- the scope and conduct of the internal audit function and management processes supporting external reporting;
- review of financial statements and other financial information distributed externally;
- review of the effectiveness of the audit function;
- review of the performance and independence of the external auditors;
- assessing the adequacy of external reporting for the needs of Shareholders; and
- monitoring the Company's regulatory compliance.

Meetings are intended to be held at least four times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee may invite the external auditors to attend each of its meetings.

Technical Committee
The purpose of this committee is to assist the Board and make recommendations to it in relation to the critical technical issues relating to product development, integration and technology strategy. The function of this committee will include the establishment, evolution and oversight of:

- the technical strategy of the Company with respect to product development,
- support and maintenance including the associated technical risks;
- the technology strategy;
- technical aspects of business proposals and major projects submitted to
- the Board for approval; and
- technical information to be included in ASX releases, quarterly, half yearly and annual reports and presentations to Shareholders.

Remuneration and Nominations Committee
The purpose of this committee is to assist the Board and make recommendations to it in relation to the appointment of new Directors (both executive and non-executive) and senior management. Functions performed by the committee will include the following:

- establishment of a remuneration policy for the Company;
- development of suitable criteria (with regard to skills, qualifications and experience) for Board candidates;
- establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management;
- identification and consideration of possible candidates, and
- recommendation to the Board accordingly; and
- ensuring the performance of each Director and senior manager is reviewed and assessed each year in accordance with procedures adopted by the Board.

CEO and CFO certification
In accordance with section 295A of the Corporations Act, the CEO and CFO have provided a written statement to the board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board.
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In response to this, internal control questions are required to be completed by the key management personnel of all significant business units, including finance managers, in support of these written statements.

Shareholder communication policy
Pursuant to Principle 6, Onthehouse's objective is to promote effective communication with its shareholders at all times.
Onthehouse Holdings Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about Onthehouse Holdings Limited's activities in a balanced and understandable way
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with Onthehouse Holdings Limited

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on Onthehouse Holdings Limited's website.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

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Auditor's Independence Declaration to the Directors of Onthehouse Holdings Limited

In relation to our audit of the financial report of Onthehouse Holdings Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mike Reid
Partner
31 August 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Onthehouse Holdings Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue	6	**1,485**	52
Licence fees and sales-based incentives		**(333)**	(52)
Amortisation		**(427)**	(53)
Depreciation		**(53)**	(44)
Communications		**(103)**	(38)
Employee benefits expense		**(1,591)**	(347)
Occupancy		**(196)**	(50)
Professional fees and insurance		**(422)**	(41)
Other expenses		**(358)**	(187)
Net financing costs		**(1)**	(3)
		(3,484)	(815)
Loss before income tax expense		**(1,999)**	(763)
Income tax expense	8	**173**	-
Loss for the year		**(1,826)**	(763)
Other comprehensive income			
Foreign currency translation		**(2)**	-
Other comprehensive income for the year, net of tax		**(2)**	-
Total comprehensive income for the year		**(1,828)**	(763)
Loss is attributable to:			
Owners of Onthehouse Holdings Limited		**(1,826)**	(763)
Total comprehensive income is attributable to:			
Owners of Onthehouse Holdings Limited		**(1,828)**	(763)

Earnings per share attributable to ordinary equity holders of the parent:		**2011 Per Share**	**2010 Per Share**
Basic (cents per share)	9	**(19.09)**	(44.55)
Diluted (cents per share)	9	**(19.09)**	(44.55)

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

Onthehouse Holdings Limited
Consolidated Statement of Financial Position
As at 30 June 2011

	Note	2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents	10	**1,747**	13
Trade and other receivables	11	**1,689**	6
Other assets	12	**12**	2
Total current assets		**3,448**	21
Non-Current Assets			
Available-for-sale financial assets	13	**700**	-
Property, plant & equipment	14	**940**	51
Intangible assets	15	**62,278**	374
Total non-current assets		**63,918**	425
Total assets		**67,366**	446
Current Liabilities			
Trade and other payables	16	**2,998**	224
Borrowings	17	**45**	630
Income tax payable		**346**	-
Provisions	18	**1,445**	12
Deferred revenue	19	**1,298**	-
Total current liabilities		**6,132**	866
Non-Current Liabilities			
Borrowings	17	**228**	-
Deferred tax liabilities	8	**1,655**	-
Provisions	18	**250**	-
Total non-current liabilities		**2,133**	-
Total liabilities		**8,265**	866
Net assets / (liabilities)		**59,101**	(420)
Equity			
Contributed equity	20	**63,911**	2,576
Reserves	21	**277**	265
Accumulated losses	21	**(5,087)**	(3,261)
Total equity / (deficiency)		**59,101**	(420)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Onthehouse Holdings Limited
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2011

	Contributed equity $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2009	1,710	265	-	(2,498)	**(523)**
Loss for the year	-	-	-	(763)	**(763)**
Other comprehensive income for the year	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	(763)	**(763)**
Contributions of equity	866	-	-	-	**866**
Balance at 30 June 2010	**2,576**	**265**	**-**	**(3,261)**	**(420)**
Balance at 1 July 2010	2,576	265	-	(3,261)	**(420)**
Loss for the year	-	-	-	(1,826)	**(1,826)**
Other comprehensive income for the year	-	-	(2)	-	**(2)**
Total comprehensive income for the year	-	-	(2)	(1,826)	**(1,828)**
Contributions of equity	64,544	-	-	-	**64,544**
Transaction costs on share issue	(3,209)	-	-	-	**(3,209)**
Share based payments	-	14	-	-	**14**
Balance at 30 June 2011	**63,911**	**279**	**(2)**	**(5,087)**	**59,101**

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

Onthehouse Holdings Limited
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers		**1,656**	54
Payments to suppliers and employees		**(2,687)**	(661)
Interest received		**5**	-
Finance costs		**(1)**	(4)
Tax refunded		**414**	-
Net cash (used in) operating activities	22	**(613)**	(611)
Cash flows from investing activities			
Acquisition of software and data intangibles		**(420)**	(286)
Acquisition of subsidiaries		**(49,538)**	-
Acquisition of available for sale financial asset		**(700)**	-
Payments for plant and equipment		**(49)**	(22)
Net cash (used in) investing activities		**(50,707)**	(308)
Cash flows from financing activities			
Proceeds from issues of shares		**56,939**	866
Transaction costs on issue of shares		**(3,206)**	-
Repayment of borrowings		**(355)**	(23)
Borrowings net (related parties)		**(324)**	88
Net cash from financing activities		**53,054**	931
Net increase in cash and cash equivalents		**1,734**	12
Cash and cash equivalents at the beginning of the financial year		**13**	1
Cash and cash equivalents at the end of the financial year	10	**1,747**	13

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

Onthehouse Holdings Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. Onthehouse Holdings Limited was incorporated as a public company on 29 March 2011 and acquired 100% of the issued equity of Onthehouse.com.au Pty Limited on 26 May 2011. The substance of the acquisition transaction has been evaluated with reference to Australian Accounting Standard AASB 3 Business Combinations, and it has been determined that the Restructure did not represent a business combination as outlined in that standard. The accounting treatment adopted for recognising this new group structure is a form of group reorganisation that does not involve any change of economic substance and, therefore, represents a continuation of the existing group controlled by Onthehouse.com.au Pty Limited.

Accordingly, comparative amounts for the year ended and at 30 June 2010 are onthehouse.com.au Pty Ltd only. The current year's statement of comprehensive income, statement of changes in equity and statement of cash flows for the 30 June 2011 year consists of the following –

- Onthehouse Holdings Limited for the period 29 March 2011 to 30 June 2011
- Onthehouse.com.au Pty Ltd for the period 1 July 2010 to 30 June 2011
- Console Australia Pty Ltd (and New Zealand subsidiary) for the period 27 May 2011 to 30 June 2011
- PortPlus Pty Ltd (and New Zealand subsidiary) for the period 27 May 2011 to 30 June 2011

The consolidated financial report of Onthehouse Holdings Limited ("onthehouse" or "the Company") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 31 August 2011.

The nature of the operations and principal activities of the Group are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Both the functional and presentation currency of Onthehouse is Australian dollars.

(a) Basis of preparation

This general purpose financial report for the financial year ended 30 June 2011 has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*.

Compliance with IFRS
The financial statements of Onthehouse comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value.

Going Concern Assumption
The financial statements have been prepared using the going concern assumption. As at 30 June 2011, the Group had excess current liabilities over current assets of $2,684,000 (2010: $845,000). Notwithstanding this, the accounts have been prepared on a going concern basis because the Group is expected to generate positive operating cashflow and has access to unutilised finance facilities (refer note 17).

(b) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(b) Business combinations (cont)

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

(c) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete Financial Information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers — being the executive management team.

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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 for the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(e) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(f) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement

(i) Loans and receivables
Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(ii) Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(g) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant and equipment — over 5 to 15 years

Leased equipment — over 8 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. Operating lease payments are recognised as an operating expense in the statement of comprehensive income (net income) on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(i) Impairment of non-financial assets other than goodwill and indefinite life intangibles

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell 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 that 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 tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Goodwill and intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Company's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Goodwill and Intangibles (cont)

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Software Development

An intangible asset arising from a software development expenditure is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities, undertaken with the prospect of enhancing software is recognised in profit or loss as an expense as incurred. Maintenance costs of internally developed software are expensed in Statement of Comprehensive Income.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Property Database

Costs in relation to acquiring data from third parties as well as expenditure incurred in developing or enhancing the data are capitalised. Where the data acquired from third parties does not confer the right of use beyond one year, the costs of such data are expensed in the year acquired.

Customer Contract and Relationships

Customer contracts and relationships have been recognised a part of business combinations as the future value expected to accrue to the Group.

Other Intangibles

Other intangibles recognised as part of business combinations include brand names and non-competition agreements.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Goodwill and Intangibles (cont)

The estimated useful lives are reviewed at lease annually and in the current and comparative periods are as follows:

- Property database – 10 years
- Software – 3-5 years
- Customer relationships – 7-10 years
- Other intangibles – 2 -20 years

(k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(m) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income (net income) net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(n) Employee leave benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(o) Share-based payment transactions

(i) Equity settled transactions

The Company provides benefits to its Directors and employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than (if applicable):

- Non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment in equity or cash
- Conditions that are linked to the price of the shares of Onthehouse (market conditions)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income (net income) is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by onthehouse to employees of subsidiaries are recognised in the Company's separate financial information as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Onthehouse in relation to equity-settled awards only represents the expense associated with grants to its employees. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Company, or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Deferred Revenue

Deferred revenue relates to subscription based revenue invoiced earlier than the month the revenue is earned and is recognised over the period of the relevant subscription.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(r) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from the provision of software and data services are recognised on a straight-line basis over the term of the agreement once the customer has access to the software and data application.

Transactional services are recognised at the date of the service, and in respect of development revenue by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract which is determined by a set quotation with the customer. As the contracts are reasonably short, there is only a small amount outstanding at balance date, as such the level of judgement required is minimal.

(ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(s) Income tax and other taxes

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(s) Income tax and other taxes (cont)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in this financial report.

(u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have
- been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(w) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2011, are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 124 *Related Party Disclosures – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 9 *Financial Instruments – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 2010-4 *Amendments to Australian Accounting Standards Arising from the Annual Improvements Project*	1 Jan 2011	1 Jul 2011
AASB 2010-5 *Amendments to Australian Accounting Standards*	1 Jan 2011	1 Jul 2011
AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*	1 Jan 2011	1 Jul 2011
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*	1 Jan 2012	1 Jul 2012
AASB 1054 *Australian Additional Disclosures – new* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	1 Jul 2013	1 Jul 2013
IFRS 10 *Consolidated Financial Statements*	1 Jan 2013	1 Jul 2013
IFRS 11 *Joint Arrangements*	1 Jan 2013	1 Jul 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1 Jan 2013	1 Jul 2013
IFRS 13 *Fair Value Measurement*	1 Jan 2013	1 Jul 2013
IAS 1 *Presentation of Financial Statements - revised*	1 Jul 2012	1 Jul 2012
IAS 19 *Employee Benefits – revised*	1 Jan 2013	1 Jul 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 124 – These amendments apply retrospectively and remove the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. When the amendments are applied the Group will need to disclose any transactions between its subsidiaries and associates. No significant changes are anticipated on any amounts recognised in the financial statements.

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 Financial Instruments: Recognition and Measurement. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the income statement. Changes in the fair value of all other financial assets carried at fair value are reported in the income statement. The Group is yet to assess the impact of the new standard. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

AASB 2010-4 and AASB 2010-5 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the impact of the amendments, if any.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(w) New accounting standards and interpretations (cont)

AASB 2010-6 – These amendments increase the disclosure requirements for transactions involving transfers of financial assets under AASB 7 *Financial Instruments: Disclosures*. It requires enhanced disclosures for where an asset is transferred but not derecognised, plus, the introduction of new disclosures for assets that are derecognised but the entity continues to have an exposure to the asset after sale. The amendments are only expected to affect disclosures in the financial report in future periods as no comparative information is required.

AASB 2010-8 – This amendment to AASB 112 *Income Taxes* provides a rebuttable presumption that the recovery of the carrying amount of an investment property carried at fair value in accordance with AASB140 *Investment Property*, will be through sale. As the Group currently does not hold investment property, there will be no impact on any amounts recognised in the financial statements.

AASB 1054 – This standard is a consequence of Phase 1 of the joint Trans-Tasman Convergence project. As a result of it and the related standards, all Australian specific disclosures are relocated to this standard. In addition, a number of disclosures are revised. Some disclosures may need to be revised.

AASB 2011-4 – This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB124. This is to eliminate replication with the *Corporations Act 2001* and achieve consistency with the international equivalent standard. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amounts recognised in the financial statements.

IFRS 10, IFRS 11, IFRS 12, – These new standards are a suite of standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- IFRS 10 – Introduces a new control model and replaces parts of IAS 27 Consolidated and Separate Financial Statements. The new model broadens the situations when an entity is considered to be controlled and is likely to lead to more entities being consolidated.
- IFRS 11 – Replaces IAS31 Interests in Joint Ventures and uses the principle of control from IFRS 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.
- IFRS 12 – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.

The Group is yet to assess the impact of these new standards.

IFRS 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Group is yet to assess the impact of this new standard, if any.

IAS 1 – The amendments affect the presentation of items of other comprehensive income. Accordingly, only the presentation and disclosure of related items in the financial report are expected to be impacted.

IAS 19 – These amendments introduce various modifications including changes to the measurement of defined benefit plans, change in the timing for recognition of termination benefits and amends the definition of short-term and other long-term employee benefits. The Group is yet to assess the impact of these amendments, if any.

Amendments to the following standards applicable for the current year did not have a material impact on the accounting policies, financial position or performance of the group:

- AASB 5 Non-current assets held for sale and discontinued operations
- AASB 8 Operating segments
- AASB 101 Presentation of financial statements
- AASB 107 Statement of cash flows
- AASB 117 Leases
- AASB 118 Revenue
- AASB 136 Impairment of assets
- AASB 139 Financial instruments: recognition and measurement

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (mainly interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The Group's financial risk management is centralised and governed by policies approved by the Board of Directors. The Board of Directors monitors the operating compliance and performance. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the cash management functions.

The Company has the following financial instruments:

	2011 $'000	2010 $'000
Financial Assets		
Cash and cash equivalents [a]	**1,747**	13
Trade and other receivables [a]	**1,689**	6
Available-for-sale financial assets	**700**	-
	4,136	19
Financial Liabilities		
Trade and other payables [b]	**2,998**	224
Borrowings [b]	**273**	630
	3,271	854

[a] Loans and receivables category
[b] Amortised cost category

(a) Market risk

Foreign exchange risk
As a result of operations in New Zealand the group is exposed to transaction and translation risk in this currency. The impact of this is not considered to be material to the Group's results.

Price risk
The Group is exposed to equity securities price risk arising from investments held by the Group and classified as available-for-sale financial assets. The price risk for the available-for-sale financial assets, which are in unlisted securities, is immaterial in terms of the possible impact on profit or loss or total equity.

Cash flow and fair value interest rate risk
The Group's main cash flow interest rate risk arises from cash and cash equivalents subject to variable interest rates. The Group's main fair value interest rate risk arises from finance leases with fixed rates. The Group also has non-interest bearing shareholder loans. All the borrowings are repayable in the short term and therefore there is no significant fair value risk associated with changes in market interest rates.

At 30 June 2011, if interest rates had increased /decreased by 100 basis points from the year-end interest rates with all variables held constant, post tax profit and equity for the year would have been $3,000 higher/lower (2010: 100 basis points - $Nil higher/lower), due mainly to interest income from cash and cash equivalents.

(b) Credit risk

Credit risk arises from cash and cash equivalents and receivables. The credit risk on financial assets which have been recognised is generally the carrying amount, net of any provisions.

At balance date, cash and deposits were held with Westpac and ANZ Banking Groups.

There were no material concentrations of credit risk in relation to receivables at balance date. Over 80% of receivable are managed through a direct debit process. For receivables collateral is not normally obtained.

3. FINANCIAL RISK MANAGEMENT (cont)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Group monitors its cash requirements as and when appropriate.

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount $'000	Total Contractual Cash Flows $'000	Less than 6 Months $'000	6 – 12 Months $'000	1 – 2 years $'000	2 -5 years $'000	Over 5 years $'000
2011							
Trade and other payables	**2,998**	**2,998**	2,998	-	-	-	-
Shareholder loans	**208**	**208**	-	-	208	-	-
Lease liabilities	**65**	**67**	21	26	20	-	-
	3,271	**3,273**	**3,019**	**26**	**228**	**-**	**-**
2010							
Trade and other payables	**224**	**224**	224	-	-	-	-
Shareholder loans	**607**	**607**	607	-	-	-	-
Lease liabilities	**23**	**24**	17	7	-	-	-
	854	**855**	**848**	**7**	**-**	**-**	**-**

(d) Fair values

Fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The net fair value of trade receivables, trade payables and borrowings approximates their carrying value due to their short-term nature.

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:
Level 1 – the fair value is calculated using quoted prices in active markets
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The available for sale financial assets fair value is $700,000 as determined with reference to Level 3.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Intangibles with definite useful lives
The Group assesses impairment and the lives of the intangibles at each reporting date by evaluating conditions specific to the Group and to the particular intangibles that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. Refer note 15 for further information.

Intangibles with indefinite useful lives
The Group assess determined whether goodwill and intangibles with indefinite useful lives are impaired at least annually. This requires the estimation of the recoverable amount of the cash-generating units to which the goodwill and the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangible assets with indefinite useful lives are outlined in note 15.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and the level of future tax profits together with future tax planning strategies.

Make good provisions
A provision has been made for the present value of the anticipated cost of future restoration of leased office spaces. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

5. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group's chief operating decision makers, being the Board of Directors.

The Group operates in one segment being real estate content including property data.

The operating result presented in the Statement of Comprehensive Income represents the same segment information as reported to the Board.

The Group does not have any customers which represent greater than 10% of total revenue.

6. REVENUE

	2011 $'000	2010 $'000
Sales revenue		
Subscription and transaction revenue	**1,480**	52
Other revenue		
Interest	**5**	-
	1,485	52

7. EXPENSES

	2011 $'000	2010 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**53**	44
Amortisation		
Software development	**156**	45
Customer contracts and relationships	**217**	-
Data	**37**	8
Other	**17**	-
Total Amortisation	**427**	53
Finance costs		
Interest expense	**1**	3
Lease payments		
Minimum lease payments – operating leases	**151**	44
Defined contribution superannuation expense	**85**	16

8. INCOME TAX

	2011 $'000	2010 $'000
Income tax expense		
Current tax	**80**	(214)
Deferred tax	**(253)**	214
Income tax expense	**173**	-
Numerical reconciliation of income tax expense to prima facie tax		
Loss before income tax	**(1,999)**	(763)
Tax at the Australian tax rate of 30% (2010: 30%)	**(599)**	(229)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share-based payments expense	**13**	-
- Non-deductible professional fees	**74**	-
- Other non-deductible expenses	**5**	15
	(507)	(214)
- Tax losses not brought to account	**334**	186
- Deductible temporary differences not brought to account	**-**	28
Income tax expense	**173**	-
Unrecognised deferred tax assets (at 30% tax rate)		
-Tax losses	**-**	404
-Temporary differences	**-**	28
	-	432

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in prior years in respect of these items because it is not certain that future taxable profit will be available against which the Group can utilise the deferred tax assets.

Recognised deferred tax assets and liabilities	2011 $'000 Current income tax	2011 $'000 Deferred Income tax	2010 $'000 Current income tax	2010 $'000 Deferred Income tax
Opening balance	**-**	**-**	-	-
Charged to income	**80**	**(253)**	-	-
Charge to equity	**-**	**(1,375)**	-	-
Acquisitions	**266**	**3,283**	-	-
Closing Balance	**346**	**1,655**	-	-

8. INCOME TAX (cont)

	2011 $'000	2010 $'000
Deferred income tax at 30 June 2011 relates to the following:		
Deferred tax liabilities:		
Intangibles – Customer relationships	**3,434**	-
Intangibles – Brand Names	**120**	
Intangibles – Non competition agreements	**107**	-
Gross deferred tax liabilities	**3,661**	-
Set off of deferred tax assets	**(2,006)**	-
Net deferred tax liabilities	**1,655**	-
Deferred tax assets:		
Doubtful debts	**17**	-
Provision – employee benefits	**250**	-
Provision – restructuring	**122**	-
Provision – make good	**136**	-
Accruals	**106**	-
Equity raising costs	**1,375**	-
Gross deferred tax assets	**2,006**	-
Set off of deferred tax liabilities	**(2,006)**	-
Net deferred tax assets	**-**	-

Tax Consolidation

Onthehouse Holdings Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 26 May 2011. Onthehouse Holdings Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

9. EARNINGS PER SHARE

	2011 $'000	2010 $'000
The following reflects the income used in the basic and diluted earnings per share computations:		
Earnings used in calculating earnings per share	**(1,826)**	(763)
Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	**9,565,314**	1,714,359
Effect of Dilution:		
Share options	**-**	-
Weighted average number of ordinary shares for diluted earnings per share	**9,565,314**	1,714,359

The denominator used in determining the basic and diluted earnings per share for the comparative period represents the number of ordinary shares on issue by onthehouse.com.au Pty Limited restated for the effect of the 7.23 share split.

Options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share. No options were dilutive in the current or prior year.

10. CASH AND CASH EQUIVALENTS

	2011 $'000	2010 $'000
Cash on hand and at bank	**1,747**	13
	1,747	13

11. TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
Trade receivables	**1,757**	8
Allowance for impairment loss	**(103)**	(6)
	1,654	2
Other receivables	**35**	4
	1,689	6

Allowance for impairment loss

Trade receivables are non-interest bearing and are generally 30 – 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $Nil (2010: $6,000) has been recognised by the Group in the current year. These items have been included in the other expense item. No individual amount within the impairment allowance is material.

Movements in the provision for impairment loss were as follows:

	2011 $'000	2010 $'000
At 1 July	**(6)**	(6)
Acquisition of subsidiaries	**(101)**	-
Amounts written off	**4**	-
At 30 June	**(103)**	(6)

At 30 June, the ageing analysis of trade receivables is as follows:

$'000	Total	0 – 30 days	31 – 60 days	61 – 90 days	+ 91 days PDNI*	+ 91 days CI*
2011	1,757	1,569	74	11	-	103
2010	8	-	-	-	3	5

* Past due not impaired (PDNI)
Considered impaired (CI)

Receivables past due but not considered impaired are $nil (2010: $3,000). Payment terms on these amounts have not been renegotiated; however credit has been stopped until further payment is received.

Amounts in other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it the company's policy to transfer (on-sell) receivables to special purpose entities. Further details regarding fair value and credit risk is disclosed in note 3.

12. OTHER CURRENT ASSETS

	2011 $'000	2010 $'000
Prepayments	**12**	-
Security deposit	**-**	2
	12	2

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 $'000	2010 $'000
Shares in Residex Pty Limited – at fair value	**700**	-

On 14 March 2011, onthehouse.com.au, Residex and the Residex Owners entered the Residex Terms Sheet. Upon entering into the Residex Terms Sheet and following a payment of $352,000, Residex issued 80 shares in Residex to onthehouse.com.au, being 5.04% of the enlarged share capital of Residex.

On 31 May 2011, Residex issued 79 shares to onthehouse.com.au on receipt of $348,000.

As a result, at 30 June 2011, onthehouse.com.au holds 10.02% of the enlarged share capital of Residex. This investment has been accounted for as an available-for-sale financial asset.

Subsequent to year end following completion of satisfactory due diligence, the company acquired a further 40% of Residex Pty Limited for $2,800,000 on the 8 August 2011 and entered into a put or call agreement for the remaining shares in Residex Pty Limited. Refer note 30 for further details.

The fair value of the unlisted available-for-sale investment has been determined with reference to the purchase price as an approximation of fair value.

14. PROPERTY, PLANT & EQUIPMENT

	2011 $'000	2010 $'000
Plant & equipment – at cost	**2,546**	159
Accumulated depreciation	**(1,606)**	(108)
	940	51

Reconciliations of movements in the carrying amounts of each class of property, plant and equipment are set out below.

	2011 $'000	2010 $'000
Balance at 1 July	**51**	73
Additions	**49**	22
Acquisition of subsidiaries	**893**	-
Depreciation	**(53)**	(44)
Balance at 30 June	**940**	51

Leased assets
Plant & equipment includes $64,000 (2010: $Nil) under finance lease.

Non-current assets pledged as security
Refer to note 17 for information on assets pledged as security.

15. INTANGIBLE ASSETS

	2011 $'000	2010 $'000
Software development – at cost	**6,793**	314
Accumulated amortisation	**(381)**	(78)
	6,412	236
Data – at cost	**2,689**	146
Accumulated amortisation	**(47)**	(9)
	2,642	137
Customer contracts and relationships	**13,297**	-
Accumulated amortisation	**(217)**	-
	13,080	-
Other intangibles	**774**	1
Accumulated amortisation	**(17)**	-
	757	1
Goodwill	**39,387**	-
	62,278	374

Movement in intangible assets during the financial year were as follows:

	Software $'000	Data $'000	Customer contracts& relationships $'000	Other Intangibles $'000	Goodwill $'000	Total $'000
Balance at 1 July 2009	100	40	-	1	-	141
Additions	181	105	-	-	-	286
Amortisation	(45)	(8)	-	-	-	(53)
Balance at 30 June 2010	**236**	**137**	**-**	**1**	**-**	**374**
Additions	378	42	-	-	-	420
Acquisition of subsidiaries	6,370	2,500	13,297	773	39,387	62,327
R&D Tax credit refunds	(416)	-	-	-	-	(416)
Amortisation	(156)	(37)	(217)	(17)	-	(427)
Balance at 30 June 2011	**6,412**	**2,642**	**13,080**	**757**	**39,387**	**62,278**

R&D Tax Credits were received for software development work performed, which are subsequently offset against the capitalised cost.

All of the above intangible assets recognised are held in one cash generating unit. The recoverable amount of the intangible assets has been determined based on the purchase price allocation as approximating fair value.

16. TRADE AND OTHER PAYABLES

	2011 $'000	2010 $'000
Trade payables	**2,725**	201
Other payables	**273**	23
	2,998	224

Trade and other payables are non-interest bearing.

Fair value risk
Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

17. BORROWINGS

	2011 $'000	2010 $'000
Current		
Lease liabilities – secured	**45**	23
Shareholder loans – unsecured (refer note 24)	**-**	607
	45	630
Non-current		
Lease Liabilities – secured	**20**	-
Shareholder loans – unsecured (refer note 24)	**208**	-
	228	-

Facilities

Lease liabilities (secured) – Lease liabilities are effectively secured as the rights to the relevant assets revert to the lessor in the event of default.

Westpac Banking Corporation ("Westpac") has provided the Company a commercial bill and credit standby facility of $5,000,000 (2010: $nil). The facility has a three year term with principal interest and fees being the only payments during the term (principal repayments of $416,667 on a quarterly basis). The facility is secured by a fixed and floating charge over the Parent Entity, its subsidiaries and all assets and uncalled capital. The facility is subject to ongoing covenants relating to interest coverage ratio, debt coverage ratio and gearing. The facility will also be subject to:

- annual and quarterly monitoring;
- transfer of all transactional business for the Parent Entity and its subsidiaries to Westpac;
- a requirement that the Parent Entity notify Westpac of any material change to management structure; and the right of Westpac to review or withdraw the facility if an event occurs which Westpac considers may have a material adverse effect on the Parent Entity.

Risk exposure

Information about the Group's risk exposure is provided in note 3.

18. PROVISIONS

	2011 $'000	2010 $'000
Current		
Employee benefits	**695**	-
Make-good	**342**	12
Restructuring	**408**	-
	1,445	**12**
Non-current		
Employee benefits	**141**	-
Make-good	**109**	-
	250	-

Movement in provisions

Movements in each class of provision other than employee benefits, during the financial year are set out below:

	Make Good Provision $'000	Restructuring Provision $'000
Balance at 1 July	12	-
- Acquisition of subsidiaries	437	-
- Additional provision recognised	2	408
Balance at 30 June	**451**	**408**

Make-good

The Group has certain leases that require the asset to be returned to the lessor in a lease stipulated condition. As such, a provision for make good obligations is measured and recognised at the expected cost of returning the asset to the agreed condition.

Restructuring

As described in Note 28, the Group acquired Console Australia Pty Limited and PortPlus Pty Ltd on the 27 May 2011. As a result of the process, various duplication of roles were identified and a detailed restructuring plan was drawn up and put into place by year end. The restructuring is expected to be completed by August 2011.

19. DEFERRED REVENUE

	2011 $'000	2010 $'000
At 1 July	**-**	-
Acquired from subsidiaries	**1,300**	-
Deferred during the year	**1,298**	
Released to the income statement	**(1,300)**	-
	1,298	-

Deferred income consists of customer subscriptions paid in advance on monthly or quarterly accounts.

20. CONTRIBUTED EQUITY

Share capital	2011 $'000	2010 $'000
81,627,500(2010: 1,907,165) fully paid ordinary shares	**63,911**	2,576

Movements in ordinary share capital		Number of Shares	$'000
Balance – 1 July 2009		1,522,247	1,710
Capital raising	(i)	384,918	866
Balance – 30 June 2010		**1,907,165**	**2,576**
Pre IPO capital raisings	(ii)	651,738	1,939
Conversion of shareholder loan	(iii)	23,277	75
Conversion of share-based payment award	(iv)	38,230	-
Gift shares	(v)	9,312	30
Balance of onthehouse.com.au Pty Limited 26 May 2011		**2,629,722**	**4,620**
Additional shares arising from share split (7.23 shares for every share held)	(vi)	16,370,278	-
Acquisition consideration – Portplus	(vii)	7,500,000	7,500
Shares issued in connection with IPO	(viii)	55,000,000	55,000
IPO costs (net of tax)		-	(3,209)
Conversion of share-based payment award	(iv)	127,500	-
Balance – 30 June 2011		**81,627,500**	**63,911**

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

(i) During the year ended 30 June 2010 a total of 384,918 shares were issued in various capital raisings at an average price of $2.25 per share

(ii) During the year ended 30 June 2011 and prior to the IPO a total of 651,738 shares were issued in various capital raisings at an average price of $2.97 per share

(iii) During the year 75,000 owing to a Director was converted into 23,277 shares at a value of $3.22 per share

(iv) The Group has been provided services totalling $265,000 including advertising and employee benefits in years prior to 30 June 2010, the fair value of which have been recorded in the relevant period's Statement of Comprehensive Income. Under the terms of these agreements, onthehouse agreed to issue shares equal to the fair value of services provided at the share price on the date of issue. During the year 38,230 shares were issued based on the fair value price of $3.22 per share which is equal to the price of other capital raising in the period prior to the initial public offering. Subsequently 127,500 were issued at $1.00 per share (based on the post share split price) in the float.

(v) On 31 March 2011 9,312 shares were granted to employees at a value of $3.22 per share

(vi) On 26 May 2011, in preparation for the acquisition of onthehouse.com.au Pty Ltd, shares were split at 7.23 shares for each share held

(vii) The acquisition of Portplus Pty Ltd was partially settled with 7,500,000 shares at $1.00 per share. Refer note 28

(viii) On 27 May 2011, 55,000,000 new shares at $1.00 per share were issued pursuant to the prospectus.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

20. CONTRIBUTED EQUITY (cont)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of finance leases and shareholder loans disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed above and in note 21 respectively.

In order to maintain or adjust the capital structure, the Company may pay dividends to shareholders, pay returns capital to shareholders, issue new shares or sell assets to reduce debt. Currently the Company raises capital to fund start-up losses as required.

21. RETAINED EARNINGS AND RESERVES

	2011 $'000	2010 $'000
(a) Movements in retained earnings		
Accumulated losses at 1 July	**(3,261)**	(2,498)
Loss for the year	**(1,826)**	(763)
Accumulated losses at 30 June	**(5,087)**	(3,261)

(b) Other reserves	Share Based Payments Reserve $'000	Foreign Currency Translation $'000
Balance at 1 July 2009	265	-
Movement	-	-
Balance at 30 June 2010	265	-
Share based payment expense for the year	14	-
Foreign currency translation	-	(2)
Balance at 30 June 2011	279	(2)

Share based payments reserve

The share-based payments reserve is used to recognise the fair value of share–based payment transactions issued by Onthehouse issued to suppliers in return for services.

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of financial statement of foreign subsidiaries.

22. CASH FLOW STATEMENT RECONCILIATION

	2011 $'000	2010 $'000
(a) Reconciliation of net loss to net cash used in operating activities		
Loss for the year	**(1,826)**	(763)
Amortisation	**427**	53
Depreciation	**53**	44
R&D tax refund offset against software development	**416**	-
Net exchange differences	**(2)**	-
Equity settled share based payments expense	**44**	-
Changes in operating assets and liabilities (net of amounts acquired):		
(Increase)/decrease in trade and other receivables	**34**	(3)
(Increase)/decrease in prepayments	**(1)**	(2)
Increase/(decrease) in trade and other creditors	**(504)**	-
Increase/(decrease) in income tax payable	**78**	-
Increase/(decrease) in deferred taxes	**(253)**	-
Increase/(decrease) in provisions	**921**	60
Net cash used in operating activities	**(613)**	(611)
(b) Non-cash financing and investing activities		
Settlement of subsidiary Portplus Pty Ltd purchase with shares (note 28)	**7,500**	-
Conversion of shareholder loan	**75**	-
Share-based payments (note 25)	**44**	-

23. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Onthehouse Holdings Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity interest 2011	% Equity interest 2010	Investment $'000 2011	Investment $'000 2010*
onthehouse.com.au Pty Limited (i)	Australia	100%	-	**4,877**	-
Console Australia Pty Limited (ii)	Australia	100%	-	**42,623**	-
Console New Zealand Limited (ii), (iii)	New Zealand	100%	-	**9**	-
PortPlus Pty Ltd (ii)	Australia	100%	-	**15,148**	-
PortPlus NZ Limited (ii), (iv)	New Zealand	100%	-	**66**	-
				62,723	-

* the 2010 comparatives reflect the financial performance and position of onthehouse.com.au Pty Limited which was previously the only company in the Group.

(i) Acquired on 26 May 2011
(ii) Acquired on 27 May 2011
(iii) Subsidiary of Console Australia Pty Limited
(iv) Subsidiary of PortPlus Pty Ltd

(b) Ultimate parent

The ultimate parent company is Onthehouse Holdings Limited.

(c) Key management personnel (KMP)

Details relating to KMP, including remuneration paid, are included in note 24.

(d) Transactions with related parties

There were no transactions in the year with related parties other than those with Key Management Personnel. Refer note 24.

24. KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	**396,755**	210,000
Post-employment benefits	**19,417**	-
Other long-term benefits	**-**	-
Termination benefits	**52,105**	-
Share-based payment	**14,183**	-
Total	**482,460**	210,000

24. KEY MANAGEMENT PERSONNEL (cont)

(b) Option holdings of key management personnel

30 Jun 2011	Balance at beginning of period 1 Jul 10	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period 30 Jun 11	Exercisable	Not exercisable
Directors							
J. McKerlie	-	500,000	-	-	**500,000**	-	500,000
M. Fredericks	-	750,000	-	-	**750,000**	-	750,000
W. Face	-	250,000	-	-	**250,000**	-	250,000
G. Pemberton	-	250,000	-	-	**250,000**	-	250,000
Executives							
C. Dawson	-	300,000	-	-	**300,000**	-	300,000
E. Lynch	-	1,000,000	-	(500,000)	**500,000**	-	500,000
P. Dickman	-	150,000	-	-	**150,000**	-	150,000
C. Thwaites	-	150,000	-	(150,000)	**-**	-	-
	-	**3,350,000**	**-**	**(650,000)**	**2,700,000**	**-**	**2,700,000**

There were no options on issue and held by key management personnel in 2010.

includes forfeitures

(c) Shareholdings of key management personnel

30 Jun 2011	Balance at beginning of period 1 Jul 10	Shares acquired	Share acquired on settlement of loan	Shares issued on purchases of Onthehouse.com.au	Shares received as settlement on Portplus	Balance at end of period 30 Jun 11
Directors						
J. McKerlie	-	93,110	-	637,420	-	**730,530**
M. Fredericks	859,522	110,754	23,277	6,084,053	-	**7,077,606**
W. Face	-	31,036	-	193,202	-	**224,238**
G. Pemberton	-	31,037	-	193,208	-	**224,245**
Executives						
C. Dawson	-	31,037	-	193,208	**-**	**224,245**
E. Lynch	-	120,000	-	-	2,500,978	**2,620,978**
P. Dickman	-	-	-	-	-	**-**
C. Thwaites	-	-	-	-	-	**-**
	859,522	**416,974**	**23,277**	**7,301,091**	**2,500,978**	**11,098,842**

30 Jun 2010	Balance at beginning of period 1 Jul 09	Shares converted	Share acquired on settlement of loan	Shares issued on purchases of Onthehouse.com.au	Shares received as settlement on Portplus	Balance at end of period 30 Jun 10
Directors						
M. Fredericks	171,273	688,249	-	-	-	**859,522**
	171,273	**688,249**	**-**	**-**	**-**	**859,522**

(d) Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

24. KEY MANAGEMENT PERSONNEL (cont)

(e) Loans from Director-related entities (refer note 17)

The following loans from key management personnel (or their related entities) were in place during the current or prior financial period:

Michael Fredericks	**2011 $**	**2010 $**
Balance at 1 July	**546,811**	459,883
Advances	**-**	86,928
Repayments	**(323,474)**	-
Converted to shares	**(75,000)**	-
Balance at 30 June	**148,337**	546,811

The loan is unsecured, is not repayable within twelve months from balance date and is non-interest bearing.

Lauren Doherty (resigned as a Director 22 December 2010)	**2011 $**	**2010 $**
Balance at 1 July	**59,677**	59,677
Advances	**-**	-
Repayments	**-**	-
Balance at 30 June	**59,677**	59,677

The loan is unsecured, is not repayable within twelve months from balance date and is non-interest bearing.

(f) Other transactions and balances with key management personnel and their related parties

Purchases
Mr Warwick Face is a Partner of Johnston Rorke, accountants. Johnston Rorke has been engaged from time to time to provide financial advice including accounting support, taxation, financial modelling and calculation services to the Company on normal commercial terms and conditions. Johnston Rorke received $410,000 fees included in IPO transaction costs and a further $46,000 relating to accounting and tax advice.

Mr Jim McKerlie is the Chairman of the Bullseye Group, an international digital services company, and a global provider of business software solutions. During the year Bullseye Group were paid a fee of $5,000 for due diligence services.

25. SHARE-BASED PAYMENT PLANS

Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	2011 $'000	**2010 $'000**
Expense arising from options issued	**14**	-
Expense arising from gift shares granted	**30**	-
Total expense arising from share-based payment transactions	**44**	-

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2011.

Employee share option plan (ESOP)
Under the terms of the ESOP, offers to apply for the issue of Options to subscribe for Shares may be made to eligible employees or Directors, as determined by the Board.
The total number of Shares which may be acquired from the issue of Options under the ESOP must not exceed 5% of the total of the following:

- the total number of issued Shares in the Company as at the date of the offer made to the participant;
- the total number of Shares underlying the Options issued under the ESOP; and
- the number of Shares underlying the outstanding Options to subscribe for Shares issued by the Company under any other employee share or option scheme of the Company, less that number of Options granted under certain exemptions listed in the terms of the ESOP including where the offer of Options did not need disclosure to investors under the Corporations Act.

The Board has discretion to determine the specific terms and conditions applying to each offer under the ESOP including the exercise price. The Options are personal to the participant and cannot be exercised by another person, unless approved by the Board.

Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year	**-**	**-**	-	-
Granted during the year	**3,350,000**	**1.00**	-	-
Forfeited during the year	**(650,000)**	**1.00**	-	-
Exercised during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**2,700,000**	**1.00**	-	-
Exercisable at the end of the year	**-**	**-**	-	-

All options expire on 30 June 2016.

The key terms of these options were listing, an exercise price of $1.00, and the options granted to Michael Fredericks, Eddie Lynch and Craig Thwaites are subject to completion of two years employment with the Group. These option grants were made prior to the adoption of the ESOP.

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 5 years (2010: Nil).

Range of exercise price

All options have an exercise price of $1.00.

Weighted average fair value

The weighted average fair value of options granted during the year was $0.04 (2010: nil).

Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Trinomial Lattice Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the years ended 30 June 2011.

	Executive Options	Non-executive Director Options
Dividend yield (%)	2.0%	2.0%
Expected volatility (%)	60.0%	60.0%
Risk-free interest rate (%)	4.5%	4.5%
Expected life of options (years)	3.17	2.17
Option exercise price ($)	$1.00	$1.00
Weighted average share price at measurement date ($)	$0.25	$0.25
Model used	Trinomial Lattice	Trinomial Lattice
Fair value at grant date	$0.0425	$0.0388

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using an analysis of the volatility of comparable companies. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

26. COMMITMENTS FOR EXPENDITURE

	2011 $'000	2010 $'000
Leasing commitments		
Operating lease commitments – Group as lessee		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**928**	15
Later than one year but not later than 5 years	**915**	-
	1,843	15

The operating leases primarily relate to leases of premises. The operating leases are under normal commercial operating lease terms and conditions with third parties.

	2011 $'000	2010 $'000
Finance leases and hire purchase commitments – Group as lessee		
Commitments in relation to finance leases are payable as follows:		
Within one year	**47**	24
After than one year but not later than five years	**20**	-
Total minimum lease payments	**67**	24
Less amounts representing future finance charges	**(2)**	(1)
Present value of minimum leasing payments	**65**	23
Included in the financial statements as:		
Current interest bearing loans and borrowings (note 17)	**45**	23
Non-current interest bearing loans and borrowings (note 17)	**20**	-
	65	23

Finance leases comprise leases of items of plant and equipment under normal commercial finance lease terms and conditions.

	2011 $'000	2010 $'000
Remuneration commitments		
Commitments for payment of salary under long term employment contracts, payable:		
Within one year	**273**	-
After than one year but not later than five years	**500**	-
	773	-

27. AUDITOR'S REMUNERATION

The auditor of Onthehouse Holdings Limited is Ernst & Young.

	2011 $	2010 $
During the year the auditor of the Company earned the following remuneration:		
Audit services:		
Audit and review of the financial reports	**111,500**	10,000
Other services:		
Due diligence	**68,000**	-
Investigating accountants services	**489,097**	-
Total	**668,597**	10,000

28. BUSINESS COMBINATIONS

Acquisition of Console Australia Pty Ltd

On 27 May 2011, the Group acquired 100% of the voting shares of Console Australia Pty Limited a private company based in Queensland specialising in the provision of real estate software, primarily trust accounting.

The consideration was $42,373,000 in cash. Subsequent to the financial year an additional working capital adjustment amount of $250,000 is to be paid.

The fair values of the identifiable assets and liabilities of Console Australia Pty Limited (and its New Zealand controlled 100% subsidiary) based on provision acquisition accounting were:

	Note	Consolidated Fair Value at acquisition date $'000
Plant and equipment		**821**
Deferred tax asset		**236**
Cash and cash equivalents		**220**
Trade receivables		**1,275**
Prepayments		**9**
*Intangible assets **		
- Software		**4,408**
- Customer contracts & relationships		**11,665**
- Property database		**2,000**
- Other intangibles		**436**
		21,070
Trade payables		**(759)**
Other payables and accrued expenses		**(369)**
Provision for employee benefits		**(367)**
Provision for make-good		**(273)**
Deferred revenue		**(1,001)**
Borrowings		**(398)**
Deferred tax liabilities		**(3,378)**
		(6,545)
Provisional fair value of identifiable net assets		**14,525**
Goodwill arising on acquisition	15	**28,098**
		42,623
Acquisition-date fair-value of consideration transferred:		
Cash paid prior to balance date		**42,373**
Cash paid subsequent to balance date		**250**
Consideration transferred		**42,623**
Direct costs relating to the acquisition (included in professional fees)		**103**
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary		**220**
Cash paid prior to balance date		**(42,373)**
Net consolidated cash outflow		**(42,153)**

*The fair values for intangible assets acquired as part of the business combination and related deferred tax liability has been determined provisionally and based upon the best information available as initial accounting was not complete as at the reporting date.

28. BUSINESS COMBINATIONS (cont)

Acquisition of PortPlus Pty Ltd

On 27 May 2011, the Group acquired 100% of the voting shares of PortPlus Pty Ltd a private company based in Victoria specialising in real estate software, primarily an internet based website development and Customer Relationship Management (CRM) solution.

The consideration was $15,025,000 and comprised an issue of equity instruments, and cash. Subsequent to the financial year an additional completion adjustment amount of $123,000 is expected to be paid.

The fair values of the identifiable assets and liabilities of PortPlus Pty Ltd (and its New Zealand controlled 100% subsidiary) based on provisional acquisition accounting were:

	Note	Consolidated fair value at acquisition date $'000
Plant and equipment		**72**
Deferred tax asset		**180**
Cash and cash equivalents		**139**
Trade receivables		**447**
Intangible assets *		
- Software		**1,962**
- Customer contracts & relationships		**1,632**
- Property database		**500**
- Other intangibles		**337**
		5,269
Trade payables		**(154)**
Other payables and accrued expenses		**(64)**
Provision for employee benefits		**(408)**
Provision for make good		**(164)**
Deferred revenue		**(299)**
Deferred tax liabilities		**(321)**
		(1,410)
Provisional fair value of identifiable net assets		**3,859**
Goodwill arising on acquisition	15	**11,289**
		15,148
Acquisition-date fair-value of consideration transferred:		
Shares issued, at fair value		**7,500**
Cash paid prior to balance date		**7,525**
Cash paid subsequent to balance date		**123**
Consideration transferred		**15,148**
Direct costs relating to the acquisition (included in professional fees)		**51**
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary		**139**
Cash paid prior to balance date		**(7,525)**
Net consolidated cash outflow		**(7,386)**

*The fair values for intangible assets acquired as part of the business combination and related deferred tax liability has been determined provisionally and based upon the best information available as initial accounting was not complete as at the reporting date.

28. BUSINESS COMBINATIONS (cont)

The consolidated statement of comprehensive income includes sales revenue and net profit for the year ended 30 June 2011 of $1,458,000 and $38,000 respectively, as a result of the acquisition of Console Australia Pty Limited and PortPlus Pty Ltd. Had the acquisitions occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included revenue and profit of $16,991,000 and $2,397,000 respectively.

Key factors contributing to the $39,387,000 of goodwill are the synergies existing within the acquired business, and synergies expected to be achieved as a result of combining Console Australia Pty Limited and PortPlus Pty Ltd with the rest of the Group. None of the goodwill recognised is expected to be deductable for income tax purposes.

Included in the companies acquired were receivables with a gross contractual and fair value of $1,722,000 resulting from trade sales with customers. Management expects these amounts to be collected in full and converted to cash consistent with customer terms, which call for payment within 30-45 days of the initial sale.

29. CONTINGENCIES

The Directors are not aware of any contingent liabilities not otherwise disclosed in the accounts.

30. EVENTS AFTER THE BALANCE SHEET DATE

Additional 40% Investment in Residex

On 2 August 2011, following completion of satisfactory due diligence, the company entered into agreements to acquire a further 40% of Residex Pty Limited for $2,800,000. Completion occurred on the 8 August 2011, taking the group ownership to 50%. This was funded by a drawdown of the Westpac bill facility.

In addition the Directors have entered into a put and call agreement for the remaining 50% of shares in Residex Pty Limited. Should the put or call be exercised, final settlement is expected to occur between 9 July 2012 and 23 July 2013. The final settlement will be determined by the reported profit before tax over the preceding 12 months but will not be lower than $3,500,000.

31. INFORMATION RELATING TO ONTHEHOUSE HOLDINGS LIMITED ("THE PARENT ENTITY")

	2011 $'000	2010 $'000
Current assets	**1,122**	21
Total assets	**64,289**	446
Current liabilities	**-**	-
Total liabilities	**500**	866
Contributed equity	**64,169**	2,576
Accumulated losses and reserves	**(380)**	(3,196)
	63,789	(420)
Profit or loss of the parent	**(380)**	(763)
Total comprehensive income of the parent	**(380)**	(763)

Onthehouse Holdings Limited
Directors' Declaration

In accordance with a resolution of the Directors of Onthehouse Holdings Limited, We state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of Onthehouse Holdings Limited for the financial year ended 30 June 2011 are in accordance with the *Corporations Act 2001*, including:

      (i) Giving a true and fair view of the Company's financial position as at 30 June 2011 and performance for the year ended on that date

      (ii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

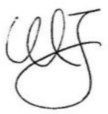
   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the board

Jim McKerlie
Chairman

31 August 2011



Michael Fredericks
Managing Director & CEO

31 August 2011

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Independent auditor's report to the members of Onthehouse Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Onthehouse Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Liability limited by a scheme approved
under Professional Standards Legislation

Opinion

In our opinion:

a. the financial report of Onthehouse Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the financial position of the consolidated entity as at 30 June 2011 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001;*

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in section 15 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Onthehouse Holdings Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
Brisbane
31 August 2011

Onthehouse Holdings Limited
ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 26 August 2011.

(a) Distribution of equity securities

(i) Ordinary share capital

- 81,627,500 fully paid ordinary shares are held by 2,285 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

- 3,200,000 options are held by 8 individual option holders

Options do not carry a right to vote

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Options
1 – 1,000	13	-
1,001 – 5,000	618	-
5,001 – 10,000	648	-
10,001 – 100,000	915	-
100,000 and over	91	8
	2,285	8

(b) Substantial shareholders

Ordinary shareholders	Fully paid Number	Fully paid Percentage
MICHAEL KENNETH FREDERICKS	7,077,606	8.67%
WILSON HTML INVESTMENT GROUP LIMITED AND ITS ASSOCIATES	6,474,000	7.93%
AWJ FAMILY PTY LTD	5,000,000	6.13%
	18,551,606	22.73%

(c) Twenty largest shareholders of quoted equity securities

	Ordinary shareholders	Fully paid Number	Fully paid Percentage
1	MICHAEL KENNETH FREDERICKS <FREDERICKS ONTHEHOUSE NO 1>	4,972,667	6.09%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,343,350	5.32%
3	COGENT NOMINEES PTY LIMITED	3,075,208	3.77%
4	AWJ FAMILY PTY LTD <AWJ FAMILY A/C>	2,631,250	3.22%
5	CATHERINE THERESE LYNCH	2,500,978	3.06%
6	MICHAEL KENNETH FREDERICKS <FREDERICKS ONTHEHOUSE NO 2>	2,104,939	2.58%
7	WESTERMAN JOINT TRUST COMPANY LIMITED	1,567,500	1.92%
8	MR ANGUS WILLIAM JOHNSON & MRS LINDY JOHNSON <DENA SUPER FUND A/C>	1,368,750	1.68%
9	AUST EXECUTOR TRUSTEES NSW LTD <TEA CUSTODIANS A/C>	1,088,460	1.33%
10	SHIRLEY ANNE MAGGS	1,026,205	1.26%
11	LAUREN KATHLEEN DOHERTY <DOHERTY ONTHEHOUSE>	1,000,488	1.23%
12	AWJ FAMILY PTY LTD	1,000,000	1.23%
13	GLOBALX INFORMATION SERVICES PTY LTD	899,801	1.10%
14	MYMAX INVESTMENTS PTY LTD <MYMAX FUND NO 8>	867,258	1.06%
15	JEREMY SIMON NEWMAN	836,332	1.02%
16	GLENLUCE PROPERTIES PTY LIMITED <GLENLUCE PROPERTIES S/F>	730,530	0.89%
17	ELIYAHU ARZOUAN & LANA ARZOUAN	594,119	0.73%
18	SAYERS INVESTMENTS (ACT) PTY LIMITED	532,141	0.65%
19	CIBAW PTY LTD <THE BLIGH FAMILY A/C>	520,224	0.64%
20	CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>	511,880	0.63%
		32,172,080	**39.41%**

Onthehouse Holdings Limited

Corporate Directory

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Website
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ASX code: OTH

Solicitor to the Company
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Brisbane QLD 4000

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Share Registry
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www.linkmarketservices.com.au