



**APPENDIX 4D
Half Year Report**

Onthehouse Holdings Limited
ABN: 97 150 139 781

Period ending 31 December 2012
Previous corresponding period: 31 December 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

			Reporting period	Previous Corresponding period
			\$A'000	\$A'000
Revenue from continuing operations	Increased	17% to	11,317	9,652
Profit from continuing operations after tax attributable to members	Increased	68% to	730	435
Net profit for the period attributable to members	Increased	68% to	730	435

Dividends

The company paid a dividend for the period ended 30 June 2012 on 30 November 2012 at \$0.06 per share, totalling \$493,000. It is not proposed to pay any dividends for the period ended 31 December 2012.

Net Tangible Assets

	Current period	Previous period
Net tangible asset backing per ordinary security (cents)	(6.86)	(1.86)

On 20 September 2012, the company acquired the remaining 50% of Residex Pty Ltd and gained control of the company. The company also acquired The Ad Network Pty Ltd on 24 October 2012 and gained control of the company.

This information should be read in conjunction with the most recent annual report and the Directors' report and the half year financial statements for the period. This report is subject to review.

Onthehouse Holdings Limited

ABN 97 150 139 781

Consolidated Half-Year Financial Report

31 December 2012



Onthehouse Holdings Limited
Consolidated Half-Year Financial Report
31 December 2012



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Onthehouse Holdings Limited

Directors' Report

31 December 2012



Your directors present their report on Onthehouse Holdings Limited ("Onthehouse" or "the Company" or "the Group") for the financial half-year ended 31 December 2012.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Gail Pemberton (Chairman)
Michael Fredericks (Managing Director)
Warwick Face
Diana Eilert (appointed 1 July 2012)
Jim McKerlie (resigned 26 September 2012)

Review of Operations

The Board is pleased to report the Group has achieved significant growth in revenue and earnings for the half-year with a 17% and 68% increase on the same period last year, respectively.

	31 Dec 2012 \$'000	31 Dec 2011 \$'000	YOY Growth
Revenue	11,317	9,652	17%
EBITDA**	3,534	3,209	10%
Transaction Costs* (unaudited)	72	140	
EBITDA excluding Transaction Costs (unaudited)	3,606	3,349	8%
Net Profit after Tax	730	435	68%
Cash Balance as at 31 December	3,106	751	314%

** Information in addition to IFRS measures included in this report has been used for user readability. The measures have been derived from information contained in the financial statements. EBITDA equals net profit before tax \$773,000 (31 December 2011: \$639,000) add depreciation, amortisation \$2,590,000 (31 December 2011: \$2,441,000) add net financing costs \$171,000 (31 December 2011: \$129,000).

* Transaction costs incurred in respect of the acquisition of investments.

Strong operating cash flow of \$3,552,000 enable the Group to fund \$1,250,000 of the Residex Pty Ltd ("Residex") and The Ad Network Pty Ltd ("The Ad Network") acquisitions, to continue to invest in system improvements and also pay a dividend of \$493,000 in the reporting period. The half-year ended 31 December 2012 closed with net debt at \$1,313,000 comprised of a cash balance of \$3,106,000 (30 June 2012: \$3,066,000) and outstanding debt of \$4,419,000 (30 June 2012: \$2,331,000).

On 20 September 2012, the Company acquired the remaining 50% of Residex for \$3,500,000. This was funded by debt of \$2,500,000 and \$1,000,000 operating cash flow. On 24 October 2012, the Company acquired 100% of The Ad Network for an upfront payment of \$500,000 which was settled with \$250,000 from operating cash flows and \$250,000 script with contingent consideration of up to \$1,500,000 payable in October 2014.

The strategic acquisitions of the balance of Residex and The Ad Network strengthens the Group's product and data offerings to clients as well as significantly expanding the Group's online real estate media business.

Dividends

A final dividend of \$493,000 (0.6 cents per fully paid share) (100% franked) was paid on 30 November 2012. The dividend was paid out of the Profits Reserve.

Onthehouse Holdings Limited

Directors' Report (continued)

31 December 2012



Auditor Independence

The directors received the declaration set out on page 3 from the auditor of Onthehouse Holdings Limited.

Rounding ASIC 98/0100

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the board of Directors.

A handwritten signature in black ink that reads "Gail Pemberton".

Gail Pemberton
Chairman

A handwritten signature in black ink consisting of stylized initials "MF".

Michael Fredericks
Managing Director

27 February 2013

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

In relation to our review of the financial report of Onthehouse Holdings Limited for the half-year ended 31 December 2012, 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.

A handwritten signature in blue ink, appearing to read 'MRD'.

Ernst & Young

A handwritten signature in blue ink that reads 'Ernst & Young'.

Mike Reid
Partner
27 February 2013

Onthehouse Holdings Limited
Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2012



	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Revenue		11,317	9,652
Licence fees and sales-based incentives		(858)	(550)
Amortisation	6	(2,438)	(2,219)
Depreciation		(152)	(222)
Communications		(475)	(442)
Employee benefits expense		(4,467)	(3,754)
Occupancy		(585)	(684)
Professional fees and insurance		(658)	(352)
Other expenses		(656)	(662)
Finance costs		(201)	(149)
Share of (loss)/profit of jointly controlled entity		(54)	21
		(10,544)	(9,013)
Profit before income tax		773	639
Income tax expense	4	(43)	(204)
Profit for the period		730	435
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit & loss:</i>			
Foreign currency translation		6	(8)
Other comprehensive income for the period		6	(8)
Total comprehensive income for the period		736	427
Profit attributable to:			
Owners of Onthehouse Holdings Limited		730	435
Total comprehensive income is attributable to:			
Owners of Onthehouse Holdings Limited		736	427
Earnings per share attributable to ordinary equity holders of the parent:		31 Dec 2012 Per Share	31 Dec 2011 Per Share
Basic (cents per share)		0.89	0.53
Diluted (cents per share)		0.89	0.53

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 31 December 2012



	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current Assets			
Cash and cash equivalents		3,106	3,066
Trade and other receivables		3,373	2,537
Other assets		433	412
Total current assets		6,912	6,015
Non-Current Assets			
Investments	5	-	3,962
Property, plant & equipment		1,054	652
Intangible assets	6	67,513	59,618
Total non-current assets		68,567	64,232
Total assets		75,479	70,247
Current Liabilities			
Trade and other payables		2,496	1,722
Borrowings	7	2,063	1,081
Income tax payable		252	219
Provisions	8	682	757
Deferred revenue		1,691	1,475
Total current liabilities		7,184	5,254
Non-Current Liabilities			
Borrowings	7	2,356	1,250
Deferred tax liabilities		2,551	2,223
Provisions	8	1,512	233
Total non-current liabilities		6,419	3,706
Total liabilities		13,603	8,960
Net assets		61,876	61,287
Equity			
Contributed equity	9	64,161	63,911
Reserves		2,802	2,463
Accumulated losses		(5,087)	(5,087)
Total equity		61,876	61,287

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 Half-Year Ended 31 December 2012



	Contributed equity	Share based payments reserve	Foreign currency translation reserve	Profits reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	63,911	279	(2)	-	(5,087)	59,101
Profit for the period	-	-	-	435	-	435
Other comprehensive income for the period	-	-	(8)	-	-	(8)
Total comprehensive income for the period	-	-	(8)	435	-	427
Share based payments	-	15	-	-	-	15
Balance at 31 December 2011	63,911	294	(10)	435	(5,087)	59,543
Balance at 1 July 2012	63,911	311	11	2,141	(5,087)	61,287
Profit for the period	-	-	-	730	-	730
Other comprehensive income for the period	-	-	6	-	-	6
Total comprehensive income for the period	-	-	6	730	-	736
Contributions of equity	250	-	-	-	-	250
Dividends paid	-	-	-	(493)	-	(493)
Share based payments	-	96	-	-	-	96
Balance at 31 December 2012	64,161	407	17	2,378	(5,087)	61,876

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 Half-Year Ended 31 December 2012



	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash flows from operating activities			
Receipts from customers		12,606	10,143
Payments to suppliers and employees		(8,836)	(7,673)
Interest received		30	20
Finance costs		(218)	(149)
Income tax paid		(30)	(104)
Net cash from operating activities		3,552	2,237
Cash flows from investing activities			
Payment for software and data intangibles	6	(1,024)	(800)
Payments for plant & equipment		(437)	(54)
Proceeds from sale of property, plant & equipment		-	19
Payment for subsidiaries, net of cash acquired	5	(3,604)	(422)
Payments for investment in jointly controlled entity		-	(3,240)
Net cash (used in) investing activities		(5,065)	(4,497)
Cash flows from financing activities			
Transaction costs on issue of shares		-	(1,380)
Proceeds from borrowings		2,839	3,000
Repayment of borrowings		(793)	(316)
Borrowings net (related parties)		-	(40)
Dividend paid		(493)	-
Net cash from financing activities		1,553	1,264
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the reporting period		3,066	1,747
Cash and cash equivalents at the end of the reporting period		3,106	751

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

1. Corporate Information

The interim condensed consolidated financial statements of the Group for the half year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 27 February 2013.

Onthehouse Holdings Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group operates a real estate content platform aggregating real estate data from the Group's operating divisions and external sources, including State & Territory governments. The business divisions operated by the Group consist of:

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 information on most properties in Australia, including historical sales and rental data, comparative property data, and traditional real estate classified listings. The acquisition of The Real Estate Ad Network has expanded the division's online real estate media business.

Real Estate Solutions – The Real Estate Solutions division provides tools for real estate agents, other property professionals and financial institutions. This division consists of the Console, Portplus and Residex businesses. It provides an integrated platform for office administration, property sales and property management applications, online advertising solutions and other business performance tools for real estate agents and data and valuation related services for financial institutions utilising Onthehouse's extensive database.

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

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2012 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2012.

The Group has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current half-year. This adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

AASB 101 Presentation of Financial Statements

AASB 101 established a new requirement for entities to group items presented in other comprehensive income on the basis of whether or not they might be reclassified subsequently to profit or loss. The adoption of AASB 101 had no effect on the financial position or performance of the Group.

Going concern assumption

As at 31 December 2012, the Group has an excess of current liabilities over current assets of \$272,000 (30 June 2012: excess current assets over current liabilities \$761,000) which includes deferred revenue of \$1,691,000 (30 June 2012: \$1,475,000). The financial report has been prepared on a going concern basis as the directors believe that the Group will continue to generate operating cash flows.

3. 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 and software solutions. Consumer Online has been combined with Real Estate Solutions as it does not meet the threshold criteria as a segment. The operating result presented in the Statement of Comprehensive Income represents the same segment information as reported to the Board.

4. Income tax expense

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Income tax expense		
Current tax	36	21
Deferred tax	72	183
Over provision prior years	(65)	-
Income tax expense	43	204
Numerical reconciliation of income tax prima facie tax		
Profit before income tax	773	639
Tax at the Australian tax rate of 30% (2011: 30%)	232	192
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Adjustment in respect of previous years	(65)	-
- Share-based payments expense	29	5
- Other non-deductible expenses	40	7
- R&D offset	(193)	-
Income tax expense	43	204

5. Business combinations and acquisition of non-controlling interests

Acquisition of Residex Pty Ltd

As at 30 June 2012, the Group held 50% of private property information services provider Residex Pty Ltd. This investment was equity accounted as an investment in a jointly controlled entity. The Group had entered into put and call options over the remaining 50% shareholding. In September 2012 the Group and the other shareholders of Residex Pty Ltd agreed to complete the acquisition of the remaining 50% for \$3,500,000 thereby taking the Group's ownership to 100%. On 20 September 2012 the transaction completed and the Group gained control from this date.

The acquisition of Residex Pty Ltd is strategic for the Group as it facilitates the integration of even greater data depth to the Group's 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.

Purchase Consideration

	\$'000
Cash paid	3,500
Fair value of the Group's equity interest in Residex transferred as part of business combination	3,720
Total purchase consideration transferred	7,220

5. Business combinations and acquisition of non-controlling interests (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Residex Pty Ltd based on provisional acquisition accounting are:

	Note	Fair value recognised on acquisition \$'000
Plant and equipment		67
Cash and cash equivalents		182
Trade and other receivables		564
Identifiable intangible assets		
Software	6	2,253
Data	6	2,118
Customer contracts	6	321
Customer relationships	6	258
Trademarks	6	98
Assets		5,861
Trade payables		507
Provision for employee benefits		108
Deferred tax liability		203
Liabilities		818
Total identifiable net assets at fair value		5,043
Goodwill arising on acquisition	6	2,177
Purchase consideration transferred		7,220
<i>Analysis of cash flow on acquisition</i>		
Net cash acquired		182
Transaction costs [^]		(22)
Net cash acquired on acquisition*		160

[^] Transaction costs of \$22,000 have been expensed and are included in professional fees, in the Statement of Comprehensive Income.

* Included in cash flows from investing activities

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

The consolidated Statement of Comprehensive Income includes revenue of \$660,000 and a loss of \$32,000 for the reporting period, as a result of the acquisition of Residex Pty Ltd. Had the acquisition occurred at the beginning of the reporting period, the consolidated Statement of Comprehensive Income would have included revenue of \$1,401,000 and a loss of \$305,000.

Key factors contributing to the \$2,177,000 of goodwill are the synergies expected to be achieved as a result of combining data and technology operations with the rest of the Group. None of the goodwill recognised is expected to be deductible from income tax purposes.

5. Business combinations and acquisition of non-controlling interests (continued)

Acquisition of The Ad Network Pty Ltd

The Group acquired 100% of The Ad Network Pty Ltd on 24 October 2012 to bring in-house specialised Real Estate advertising sales team and technology with established relationships and contracts with target clients and advertisers.

Purchase consideration

	Note	\$'000
Cash paid		250
Shares in Onthehouse Holdings Limited at fair value	9	250
Contingent consideration	8	1,297
Total purchase consideration		1,797

As part of the purchase agreement with the previous owners of The Ad Network Pty Ltd, a contingent consideration formula has been agreed. In particular, additional consideration will be calculated as 5 times the FY14 EBITDA less the upfront payment of \$500,000, capped at \$1,500,000. The total maximum consideration is \$2,000,000. The contingent consideration is payable no later than 1 October 2014, 50% of which may be settled through the issue of share capital in the Group.

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$1,297,000. This amount is included in non-current provisions – refer Note 8. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between \$0 and \$1,500,000. The fair value estimates reflect an appropriate discount rate and assumed probability adjusted EBITDA results for The Ad Network Pty Ltd.

5. Business combinations and acquisition of non-controlling interests (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of The Ad Network Pty Ltd based on provisional acquisition accounting are:

	Note	Fair value recognised on acquisition \$000
Plant and equipment		44
Cash and cash equivalents		36
Trade and other receivables		357
Identifiable intangible assets		
Customer contracts	6	29
Customer relationships	6	365
Assets		831
Trade payables		376
Provision for employee benefits		1
Lease Liabilities		41
Deferred tax liability		118
Liabilities		536
Total identifiable net assets at fair value		295
Goodwill arising on acquisition	6	1,502
Purchase consideration transferred		1,797
<i>Analysis of cash flow on acquisition:</i>		
Net cash acquired		36
Transaction costs [^]		(50)
Net cash acquired*		(14)

[^] Transaction costs of \$50,000 have been expensed and are included in professional fees in the Statement of Comprehensive Income.

* Included in cash flows from investing activities

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

The consolidated Statement of Comprehensive Income includes sales revenue of \$248,000 and a net loss of \$51,000 for the reporting period, as a result of the acquisition of The Ad Network Pty Ltd. Had the acquisition occurred at the beginning of the reporting period, the consolidation Statement of Comprehensive Income would have included revenue of \$742,000 and a loss of \$65,000.

Key factors contributing to the \$1,502,000 of goodwill are the synergies expected to be achieved as a result of bringing in-house specialised Real Estate advertising sales team and technology with established relationships and contracts with target clients and advertisers. None of the goodwill recognised is expected to be deductible for income tax purposes.

6. Intangible assets

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Software development – at cost	11,586	8,309
Accumulated amortisation	(2,761)	(1,763)
	8,825	6,546
Data – at cost	4,826	2,709
Accumulated amortisation	(509)	(321)
	4,317	2,388
Customer contracts and relationships	14,271	13,297
Accumulated amortisation	(3,711)	(2,752)
	10,560	10,545
Other intangibles	972	774
Accumulated amortisation	(428)	(223)
	544	551
Goodwill	43,267	39,588
	67,513	59,618

Movement in intangible assets during the reporting period

	Software \$'000	Data \$'000	Customer contracts & relationships \$'000	Other Intangibles \$'000	Goodwill \$'000	Total \$'000
Balance at 1 July 2011	6,412	2,642	13,080	757	39,387	62,278
Additions	781	20	-	-	201	1,002
Amortisation	(677)	(138)	(1,301)	(103)	-	(2,219)
Balance at 31 December 2011	6,516	2,524	11,779	654	39,588	61,061
Balance at 1 July 2012	6,546	2,388	10,545	551	39,588	59,618
Additions	1,024	-	-	-	-	1,024
Acquisition of Subsidiaries	2,253	2,118	973	98	3,679	9,121
Amortisation*	(998)	(189)	(958)	(105)	-	(2,250)
Balance at 31 December 2012	8,825	4,317	10,560	544	43,267	67,513

* Amortisation per the Consolidation Statement of Comprehensive Income of \$2,438,000 includes \$188,000 of amortisation of pre-acquisition intangibles within Residex Pty Ltd.

7. Borrowings

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current		
Bank loan	2,052	1,000
Lease liabilities – secured	11	21
Shareholder loans	-	60
	2,063	1,081
Non-current		
Bank loan	2,327	1,250
Lease liabilities – secured	29	-
	2,356	1,250

Facilities

Westpac Banking Corporation (“Westpac”) has provided the Company with the following facilities:

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Commercial Bill Facility	1,750	2,250
Commercial Bill Facility	2,290	-
Equipment Finance Facility	339	-
Credit Standby Facility	573	625
Total Used	4,952	2,875
Total Available	5,613	4,250

It is anticipated that the Group will utilise the balance of the equipment finance facility of \$661,000 by 30 June 2013.

The two commercial bills have a three year term with principal repayments of \$250,000 and \$210,000 respectively, on a quarterly basis. The facilities are secured by a floating registered circulating charge over the Company, its subsidiaries and all assets and uncalled capital. The facilities are subject to ongoing covenants relating to interest coverage ratio, debt coverage ratio and gearing, and are also subject to annual and quarterly monitoring. The Company has complied with the financial covenants during the reporting period.

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

8. Provisions

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current		
Employee benefits	567	534
Make-good	115	223
	682	757
Non-current		
Employee benefits	118	99
Make-good	97	134
Contingent consideration provision	1,297	-
	1,512	233

Contingent consideration provision: As part of the purchase agreement with the previous owners of The Ad Network Pty Ltd, a contingent consideration formula has been agreed – refer note 5.

9. Contributed Equity

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Share capital		
82,174,927 (30 June 2012: 81,627,500) fully paid ordinary shares	64,161	63,911

Movement in ordinary share capital

	Number of Shares	\$'000
Balance – 1 July 2012	81,627,500	63,911
Acquisition consideration – The Ad Network Pty Ltd (i)	547,427	250
Balance – 31 December 2012	82,174,927	64,161

(i) The acquisition of The Ad Network Pty Ltd was partially settled with 547,427 shares at \$0.4567 per share - refer note 5.

10. Events occurring after the reporting period

No other matter of circumstance has arisen since the end of the financial period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent financial periods.

11. Contingent Liabilities

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

Onthehouse Holdings Limited

Directors' Declaration

For the Half-Year Ended 31 December 2012



In the Directors' opinion:

- (a) the Financial Statements and Notes of the Consolidated Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

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

A handwritten signature in black ink that reads "Gail Pemberton".

Gail Pemberton
Chairman

A handwritten signature in black ink that reads "Michael Fredericks".

Michael Fredericks
Managing Director

27 February 2012

To the members of Onthehouse Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Onthehouse Holdings Ltd, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Onthehouse Holdings Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Onthehouse Holdings Ltd is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid
Partner
Brisbane
27 February 2013