iProperty Group
Asia's No.1 Online Property Group

2012 ANNUAL REPORT

Annual report for the financial year ended 31 December 2012

iProperty Group Limited
ABN 99 126 188 538

Table of Contents

2012 Financial Report

This 2012 Financial Report is a summary of our activities and financial position.

Reference in this Report to a "year" is to the financial period ended 31 December 2012 unless otherwise stated. All figures are expressed in Australian current unless otherwise stated.

Revenues and expenses are recognised net of the amount of Goods and Services Tax.

Key Highlights

Key highlights for the iProperty Group Limited for 2012 include:

- Full year revenue from continuing operations of $15.5 million
- Revenue growth of 29% year on year from operations
- Full year loss of 2.94 million (2011 2.01 million)
- Increased the number of paying agent customers by 15% to nearly 22,000
- Total monthly Unique Visitors to iProperty Group websites increased by 20% to 3.4 million

Malaysia:

- iProperty Malaysia extends its leadership position with revenue growth of 29% and an operating profit of $3.4 million
- Increase in paying agents by 15% to nearly 9,000
- Growth in total site visitors of 35% to almost 1.2 million in December 2012

Singapore:

- iProperty Singapore records a loss of $1.7 million in a highly competitive market
- Paying agents of approximately 4,500
- Total site visitation remained relatively stable at approximately 400,000

Hong Kong:

- Gohome.com.hk extends its leadership position with revenue growth of 41% to $1.7 million
- Increase in paying agents to over 960
- Growth in total site visitors of 50% to approximately 850,000 during the year

Indonesia:

- Rumah123.com is the leading portal with revenue of $870k for 2012
- Increase in paying agents by 67% to over 5,400
- Growth in total site visitors of 75% to over 770,000 during the year

Acquisitions

- Completed the acquisition of portals in Macau with the objective of expanding its operations into the Macau market.

Message from the Chairman

Dear Shareholders,

It gives me great pleasure to present to you the 2012 Annual Report of iProperty Group Limited.

Once again the Group experienced strong income growth across the region with total income growing by 48% to almost $18m, including revenue of almost $15.5m. All of this was achieved in the face of significant market cooling measures which were made in Hong Kong and Singapore.

Total visitors to our websites increased to almost 3.4 million unique visitors in December and based on the early signs we are looking forward to passing the 4.0 million unique visitors in early 2013.

Our flagship Malaysian business again recorded outstanding revenue growth of 29%, an increase of almost $2.2m to revenue of $9.6m. Particularly pleasing were the continued gains in the developer market and the development of significant agent depth revenue streams for the first time.

In our first full year of operations in Indonesia we almost tripled revenue to $0.9m. The sale of Mobil123, our Indonesian car portal, was completed in September last year and we were delighted by the gain of over $2m which will be deployed to fund the continued growth of rumah123.com in Indonesia.

Hong Kong enjoyed revenue growth of over 41% (to $1.7m) and the breakthrough Ricacorp deal provides us a great platform for continued growth in 2013. Our expansion into Macau was made opportunistically in May and we see this as an important step in consolidating our market leading position in Hong Kong.

The Group significantly strengthened the senior management team with a number of key appointments during the year, including: Paul Whiteway (COO), Becky Leng (CMO), Rob Goss (CFO), Sean Tan (Singapore), Andy Roberts (Indonesia) and Ben Chien (Commercial Asia). This injection of senior talent into the Group will be vital to achieving our ambitions in 2013.

The success of the $10m capital raising in June strengthened our balance sheet and was a pleasing validation of the Group's progress and outlook. We welcome and appreciate the support of the new shareholders who joined us through this process.

In the year ahead we look forward to maintaining our market leading positions in Malaysia, Hong Kong and Indonesia and to a revival in our Singapore business through continued innovation, improved consumer experience and great value to our customers. There are further opportunities to create value from the Commercial Asia business and through the integration of the Smart Expo business into the Group. Once again we will look for M&A opportunities to cement our position as the leading on-line property group in Asia.

Simon Baker resigned as Chairman in September 2012 and I would like to thank him for the enormous contribution that he made to the growth and development of the Group during his three years as director and Chairman.

Lastly I would like to thank Shaun Di Gregorio and our growing and talented team of hardworking staff who make the Group the leading on-line property group in Asia. It is your enthusiasm, creativity and dedication that will continue to provide the impetus for our ongoing success.

Patrick Grove
Chairman

CEO's Review of Operations

Group Overview

2012 was another year of strong growth for the iProperty Group as we delivered impressive results in many parts of the business and further cemented our market leading positions in Malaysia, Hong Kong and Indonesia. Revenue growth in these markets was particularly pleasing and reflects the investment we have made in building the right platform for continued future growth

Total income grew to almost $18m, including operating revenue of $15.5m which was up 29% on the prior year. The full year loss of $2.9m compared to a prior year loss of $2.0m and is attributable to increased losses in the nascent Indonesian and Commercial Asia businesses and terminated transaction costs, which were partially offset by a $2.2m gain on the sale of Mobil123.

Our strategic direction in 2012 was centred on evolving our focus from the agent advertising market, to being increasingly focused on the property developer advertising market, which make up 77% of the property advertising in the markets in which we operate. This is made possible by our continued success in the agent advertising market, roll out of our advertising 'depth' products to agents, continuous improvement of the consumer experience on our network of property portals and our on-going commitment to innovation.

Our success in 2012 also owed some to our achievements in 2011; more consumers visiting our websites; more developers advertising on our websites; more agents subscribing to our service and benefiting from even more leads being generated each month.

In 2012, iProperty adopted a 'Mobile First' approach to our product development. Mobile is approaching 30% of all traffic to iProperty Group sites and it's vital that we continue to deliver a world-class experience to consumers who are accessing our sites from mobile devices. The table below emphasises just how quickly this growth is occurring:

	Dec 2012	June 2012	Dec 2011	June 2011
Malaysia	26.8%	20.6%	14.3%	6.4%
Indonesia	23.9%	18.9%	11.1%	7.5%
Hong Kong	22.3%	17.2%	16.9%	10.4%
Singapore	26.6%	26.4%	15.8%	8.6%

During 2012 we launched 12 apps on 5 platforms (iPad, iPhone, Android, Windows 8, Windows Phone) for 4 countries (Hong Kong, Macau, Singapore and Malaysia) in 3 languages (English, Traditional Chinese and Simplified Chinese). Our newly redesigned iPad app became the number one lifestlye app in the Apple app store.

iProperty has also innovated in the app space launching a rich, interactive magazine experience with iShowGallery, an immersive experience with high definition, panoramic 360° views and 3D floor plans of the property. Expect more innovations during 2013 as we strive to stay at the forefront of technical developments for our consumers.

Another focus for the Group has been the continued strengthening of its Senior Management team. Through the course of 2012 several senior appointments were made adding experience, leadership and world class skills and capabilities, creating an outstanding team of people. The appointments included:

- Paul Whiteway, formerly of Yahoo!, as Chief Operating Officer
- Rob Goss, formerly of ANZ Banking Group, as Chief Financial Officer
- Becky Leng, formerly of SingTel International Group, as Chief Marketing Officer
- Sean Tan, formerly of SingTel Digital Media, as General Manager of Singapore

- Andy Roberts, formerly of Lexicon Press, as General Manager of Indonesia
- Ben Chien, formerly of Yahoo!, as General Manager of CommercialAsia

These executives will be essential in maintaining our growth in 2013.

Malaysia

iProperty.com.my continues to be the leading property portal in Malaysia driven by further growth in consumer traffic and the number of paying agents. Revenue in Malaysia grew by 29% in 2012 to $9.6m.

Our agent business continued to flourish with paying agents increasing by 15% to 9,052 at the end of 2012. Revenue from this business increased by 48% as we developed strong depth revenue streams on the back of product offerings designed to generate a greater number of leads for our customers.

At the end of 2012 we merged the Group and Malaysian offices together to enable the strong executive team to have more direct involvement and input into the evolution of our Malaysian business. Given the significance of Malaysia to the Group's results we think it is important step to enable continued growth as we reach saturation levels in the agent market. The movement to focus on the property developer advertising market is an illustration of the strong foundation and leadership position that has been built.

During 2012 we focused on making further inroads in areas outside our traditional stronghold of the Klang Valley. We held our first property Expo in Penang in the second half of the year and during early 2013 launched a dedicated campaign to showcasing "Charm of Penang" developments. We also opened an office in Johor Bharu to captialise on the influx of Singaporeans looking for more affordable housing options over the border in the landmark 'Iskandar' development. We expect sustained growth in this area especially given the recent announcement of a fast rail link between Singapore and Kuala Lumpur.

Hong Kong

Under the brand 'gohome.com.hk', the iProperty Group operates the leading property portal in Hong Kong. This business enjoyed a break out year during 2012 as it achieved significant milestones in both the agent and developer markets, while continuing to grow in its leadership position with consumers. Consequently revenue grew approximately 41% from $1.2m to $1.7m. Pleasingly these results were achieved in an environment where continued Government intervention in the property market has slowed the volume of property transactions.

During 2012 gohome.com.hk signed a breakthrough deal with the Ricacorp Group who were the first major real estate agency franchise group in Hong Kong to break the moratorium of advertising on online property portals. In addition we made the first inroads into the property developer advertising market with the signing of 7 new developer clients during the year; the first time leading property developers had advertised on a property portal. Our leadership position in Hong Kong was the key ingredient in achieving this milestone. The acquisition of the vProperty.com website in Macau was a good deal which cements our footprint in the region.

Indonesia

In Indonesia, a market with enormous potential, we have grown at a rapid rate with 'rumah123.com' achieving market leadership early in 2012 and extending our leadership position to the next competitor throughout the year. The first full year of operations by this business contributed $0.9m of revenue to the Group result. The profitable disposal of Mobil123 for about $2.2m effectively defrayed the cost of entry into this market.

Unique visitors to rumah123.com grew by more than 75% over the course of 2012 and we enjoyed similar gains in the agent market penetration as we increased paying agents by more than 67%. Our market leadership position also enabled us to sign significant partnership agreements with REI and APERSI, two of the leading property developer associations in Indonesia. These agreements provide an excellent platform for penetrating the lucrative property developer market in Indonesia.

Singapore

Singapore experienced a difficult year in 2012 as three property portals battled for market share in a country with a population of just over 5 million people. This market has seen continued Government intervention in the property market aimed at reducing price inflation and the volume of property transactions. Consequently revenue declined around 8% to $2.9m but the loss remained consistent with 2011 as cost savings were achieved in the latter half of the year.

We continue the re-make of 'iProperty.com.sg' with a major focus on leveraging our regional strength in targeting the property developer advertiser market. Under the leadership of our new General Manager, Sean Tan, we have made significant progress toward this goal and with a solid base now in place we look forward to 2013.

Priorities for 2013

During 2013 we will continue to build on our market leadership positions in Malaysia, Hong Kong and Indonesia and the rejuvenation of our Singapore business. These goals will be achieved through increased agent penetration and roll out of advertising 'depth' products, deeper relationships with property developers and greater brand awareness and affinity with consumers in each market. All underpinned by our continued commitment to execution excellence and innovation in everything we do.

The acquisition of Smart Expo in early 2013 has cemented our position as the leading operator of property expos in our markets; a key lead in to how we build long term relationships with property developers We will look to unlock further value from this acquisition via maximizing the cross-sell opportunities with both our existing and newly acquired customers. This strategy continues to be a key component of our relationships with developers and a point of differentiation from our competitors.

The Group will continue to play a leadership role in the development and evolution of the property markets we operate in, as see this as vital in building consumer confidence. We will maintain our commitment to developing and improving our consumer experience, and our focus on driving increased value for our advertisers.

Further Strategic Acquisitions

The Board and Senior Management team will continue to evaluate opportunities which will consolidate our market leadership positions or offer opportunistic chances to expand our product offering or regional footprint. This approach remains consistent with all our transactions, including the most recent deals in Indonesia, Macau and Smart Expo.

The iProperty Group Team

Once again I would like to offer my sincere thanks and congratulations to the team at iProperty who are the driving force behind our continued growth and success. The evolution from the business we were even twelve months ago is quite extraordinary and I look forward to your contribution to the ongoing development of the Group during 2013. To maintain the pace in the year ahead we will need to be even more innovative, even more consumer and customer focused, and even better at consistent successful execution.

I would also like to thank our shareholders for their continued support throughout the year. The success of our capital raising during the year was a fantastic endorsement of what we are achieving, so a special thankyou and welcome to the shareholders who joined, or supported us through this process.

I look forward your support in the year ahead as we continue to deliver on our vision to be Asia's leading property portal Group.

Shaun Di Gregorio
Chief Executive Officer

Directors' report

The Directors of iProperty Group Limited submit herewith the annual financial report of the Company and controlled entities for the financial year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during or since the end of the financial year are as follows:

Patrick Grove	Chairman and Non-Executive Director
Samuel Weiss	Non-Executive Director
Hugh Morrow	Non-Executive Director
Lucas Elliott	Non-Executive Director
Georg Chmiel	Non-Executive Director
Roland Tripard	Non-Executive Director
Simon Baker	Former Chairman and Non-Executive Director (resigned 24 September 2012)

Details of Directors of the Company, the Company Secretary, the Chief Executive Officer and the Chief Financial Officer in office at the date of this report, and each of their qualifications, experience and special responsibilities are below.

Name	Experience
Patrick Grove CA, B. Comm (Chairman and Non-Executive Director)	Board member since June 2007 and Chairman since September 2012. Mr Grove was previously the Executive Chairman until February 2010. Mr Grove is a co-founder of iProperty Group Limited. Mr Grove's experience and expertise include mergers and acquisitions and extraction of investment value in high growth, media, new media and technology environments. Mr Grove has built a number of significant media and internet businesses across Asia and has taken three businesses from start up to IPO. He has been independently recognised with numerous international awards, including as a Global Leader of Tomorrow by the World Economic Forum (2001), a New Asian Leader by the World Economic Forum (2003), the Australian Chamber of Commerce, Singapore, Young Entrepreneur of the Year (2004) and Business Week's Best Young Asian Entrepreneurs (2008). Mr Grove is also the CEO of Malaysian listed Catcha Media Berhad, as well as Group CEO, Chairman and major shareholder of Catcha Group, one of South East Asia's most dynamic new media groups. Catcha Group is a major shareholder of iProperty Group Limited. In addition Mr Grove is Chairman of iCar Asia Limited which is listed on the Australian Stock Exchange. Mr Grove has a Bachelor of Commerce degree with a major in Accounting and Finance from the University of Sydney. Mr Grove is also a member of the Remuneration & Nomination Committee.
Hugh Morrow B. Eng MBA (Non-Executive Director)	Board member since August 2007. Mr Morrow has extensive experience in the areas of information technology, organisational behaviour and business strategy consulting, with a focus on investing in and providing strategic advice to a number of for-profit and not-for-profit organisations. He sits on the Board of the Social Economy Executive Education Network, The Australian Scholarships Foundation, The Australian Social Innovation Exchange and The Stanford Australia Foundation. Mr Morrow was previously with the global strategy consulting firm, The LEK Partnership and Westpac Banking Corporation. Mr Morrow started, grew and successfully sold XT3 and is now leading Loaded Technologies Pty Ltd on a similar journey. Mr Morrow has a degree in engineering from the University of Sydney, a Masters of Business Administration from Stanford University and is a Yale University World Fellow. Mr Morrow is the Chairman of the Remuneration & Nomination Committee
Samuel Weiss AB MS FAICD (Non-Executive Director)	Board member since August 2007. Mr Weiss is Chairman of Altium Limited and Open Universities Australia. He is a Non-Executive Director of Oroton Group Ltd and Breville Ltd and in recent years, he also has been a corporate advisor to Vsource, a pan-Asian business outsourcing services provider based in Malaysia. He did his undergraduate degree at Harvard University and received a graduate degree from Columbia University in Business Administration. He is the President of The Benevolent Society and a Director of The Sydney Festival. He is a Fellow of The Australian Institute of Company Directors and a member of The Sydney Institute.

Mr Weiss is a member of the Audit & Risk Committee and the Remuneration & Nomination Committee.

Lucas Elliott B. Comm
(Non-Executive Director)

Board member since February 2010. Mr Elliott, a founding shareholder of iProperty's majority shareholder, Catcha Group, has over 11 years of Asian online experience, with a focus on developing fast moving online business models and monetizing online media assets. Currently, Mr Elliott is responsible for all aspects of Catcha Group's corporate finance activities, including mergers and acquisitions, capital raisings and public listings, with a focus on driving activity that migrates advertising and contents models to the new media arena. Mr Elliott is also a Director of iCar Asia Limited.

Mr Elliott has a Bachelor of Commerce degree with a major in Finance from the University of Sydney.

Mr Elliott is a member of the Audit & Risk Committee.

Georg Chmiel Diplom-Informatiker (Computer Science), MBA, CPA (USA), FAICD
(Non-Executive Director)

Board member since 4 January 2011. Mr Chmiel has a strong background in corporate finance and accounting as well as significant experience in the real estate sector and other online media companies. He is currently the Chief Executive Officer of LJ Hooker Ltd, one of the largest real estate groups in Australasia.

Mr Chmiel is the Chairman of the Audit & Risk Committee.

Roland Tripard
(Non-Executive Director)

Board member since 28 June 2011. Mr Tripard is CEO of Seloger.com, the leader in online real estate in France for the past 19 years and is part of Axel Springer, one of Europe's largest media groups. Its websites are available on all devices (computer, mobile phone and connected TV) and every day millions of French internet users view the 1.1 million listings posted by over 20,000 real estate professionals.

Shaun Di Gregorio MBA
(Chief Executive Officer)

Chief Executive Officer since January 2010 and is responsible for the day-to-day operations of the iProperty Group Limited. Mr Di Gregorio has worked in online classifieds for nearly 13 years. Prior to joining iProperty, Mr Di Gregorio spent almost 8 years with the REA Group, in which time he was General Manager of the Australian operations from 2005 to 2008, and then as General Manager of the REA Group's international businesses. During 2012 Mr Di Gregorio was also appointed as a Director of iCar Asia Limited.

Mr Di Gregorio has also held senior roles at Trader.com and the interactive division of TMP Worldwide.

Mr Di Gregorio holds a Master in Business Administration from the Australian Graduate School of Management (UNSW) and is a member of the Australian Institute of Company Directors.

Rob Goss B.Bus, ACA
(Chief Financial Officer)

Chief Financial Officer since October 2012. He is responsible for all aspects of the Group's finance, treasury and risk management functions. Prior to joining iProperty.com, Rob held a number of senior finance roles including Head of Financial Policy, Governance & Compliance at ANZ and CFO Allcapital (Allco US). Mr Goss has significant experience in mergers & acquisitions, transaction structuring, internal controls and financial reporting. His working experience includes finance roles in Australia, Europe, North America and Asia. Rob holds a Bachelor of Business from University of Technology Sydney and is a Member of the Australian Institute of Chartered Accountants.

Nick Geddes FCA, FCIS
(Company Secretary)

Appointed Company Secretary 15 June 2010 and is responsible for the provision of company secretarial support to the Board including corporate governance, continuous disclosure and compliance systems and practices. Mr Geddes is the principal of Australian Company Secretaries, a company secretarial practice that he formed in 1993. Nick is a past President of Chartered Secretaries Australia and a former Chairman of the NSW Council of that Institute. His previous experience, as a Chartered Accountant and Company Secretary, includes investment banking and development and venture capital in Europe, Africa, the Middle East and Asia.

Directors' shareholdings

The following table sets out each director's shareholding as at 31 December 2012, their relevant interest in shares and options in the Company as at that date.

Directors	Fully paid ordinary shares Number	Share options Number
Patrick Grove	41,088,561*	-
Hugh Morrow	441,574	-
Samuel Weiss	547,938	-
Lucas Elliott	41,079,106*	-
Georg Chmiel	61,899	-

* Mr Grove and Mr Elliott are significant shareholders in and represent Catcha Group Pte Ltd which owns 41,079,106 shares in iProperty Group Limited.

Remuneration of Directors and senior management

Information about the remuneration of Directors and senior management is set out in the remuneration report of this Directors' Report, on page 13.

Share options and rights granted to Directors and senior management

During and since the end of the financial year no share options or rights have been granted to Directors or senior management. During 2011 there were 900,687 rights over ordinary shares in iProperty Group Limited issued to senior management as part of their remuneration.

Directors and senior management	Number of rights granted	Number of ordinary shares under rights
S Di Gregorio	839,637	839,637
A Kelk	61,050	61,050

Principal activities

The principal activities of entities within the consolidated entity during the financial year were that of developing and operating internet-based real estate property portals.

Changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the consolidated entity.

Review of Operations

A detailed review of operations and results of those operations will be set out in the Chairman's Message and Chief Executive Officer's Report in the annual report. A summary of the Group's performance is outlined below.

- Total income, including interest income, increased by 48% from $12.2m in 2011 to $18m in 2012.
- Full year loss of $2.9m compared to a prior year loss of $2.0m. This is attributable to increased losses in the nascent Indonesian and Commercial Asia businesses and failed transaction costs, which were partially offset by $2.2m gain on the sale of Mobil123.
- Increase in the number of agent customers by 15% to 22,000 paying agents across the Group.
- Total monthly Unique Visitors to iProperty Group Limited websites increased by over 20% to almost 3.4 million unique visitors in December (compared to December 2011).
- Increase in cash on hand to $11.2 million from $6.1 million in December 2011, primarily due to the private placement undertaken during 2012.
- Completed the acquisition of the Vproperty website in Macau.
- Launched the Commercial Asia business.

Malaysia:

- iProperty Malaysia extended its leadership position with revenue growing by 29% from $7.4m in 2011 to $9.6m in 2012. Profit increased from approximately $3.2m to $3.4m.
- A further increase in paying agents almost 15% to over 9,000 paying agents.
- Growth in unique visitors of over 35% to almost 1.2 million visitors in December 2012.

Singapore:

- In a highly competitive market the loss from this business decreased from $1.9m to $1.7m despite a decline in revenues.

- Monthly unique visitors remained relatively stable at approximately 400,000.
- Paying agents declined to approximately 4,500 reflecting the introduction of "freemium" competing products.

Hong Kong

- Gohome.com.hk extended it's market leadership position which was reflected in revenue growth of 41% to $1.7m revenue.
- Monthly unique visitors grew by over 50% to approximately 850,000 visitors in December 2012.
- Continued growth in paying agents to over 960 at year end.

Indonesia

- Now the leading property portal in Indonesia with revenue of $870k for 2012.
- 75% growth in monthly unique visitors from around 440,000 to over 770,000.
- Paying agents also increased by 67% to over 5,400.

Dividends

No dividends have been paid or declared since the start of the financial year and iProperty Group Limited does not propose to pay a dividend for this reporting period.

Business Strategies & Future Developments

Information on the Group's business strategies, its prospects for future financial years and comments on likely developments or expected results of some operations of the Group will be included in the Chairman's Message and the Chief Executive Officer's Report in the annual report. In the opinion of the Directors, further information on the Group's business strategies, its prospects for future financial years and likely developments in the operations of the Group and the expected results of those operations in future financial periods would, if included in this report, be likely to result in unreasonable prejudice to the Group and has accordingly been omitted.

Environmental Issues

The Company takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the Group has no legal obligation to take corrective action in respect of any environmental matter.

Shares under rights or issued in exercise of rights

Details of unissued shares or interests under rights as at the date of this report are:

Issuing entity	Number of shares under rights	Class of shares	Exercise price of rights	Expiry of rights
iProperty Group Limited	595,437	Ordinary	Nil	20 February 2021
iProperty Group Limited	655,271	Ordinary	Nil	29 July 2021

On 22 November 2012 there were 125,328 shares issued to Mr Rod Brandenburg from the exercise of rights with an expiry of 20 February 2021. There were no other shares or interests issued during or since the end of the financial year as a result of the exercise of a right.

Share Issues

During the course of the year, the Company issued shares as follows:

Month	No. of Shares	Net Amount $	Issue Type
April 2012	217,560	194,092	Directors remuneration for 2011
April 2012	134,526	119,610	Shares issued as part of executive incentive plan
June 2012	10,000,000	9,666,220	Placement of shares
August 2012	1,000,000	590,700	Issue of shares as final settlement of the purchase of PT Web Marketing Indonesia
November 2012	125,328	29,686	Shares issued as part of executive incentive plan

Events subsequent to reporting date

On 16 January 2013 the Group announced that it had agreed to acquire Smart Expo, an established operator of property expositions focused on the property developer advertising market. The purchase consideration was approximately $2.85m, with an upfront payment of $1.73m and the balance of the consideration payable over two years based on the achievement of agreed performance targets. The transaction completed on 31 January 2013 and should provide Group with additional revenues of approximately $950,000 and a positive contribution to EBITDA.

Indemnification of officers

The Company has indemnified each Director of the Group, the Company Secretary and previous Directors and Secretaries (Officers) against all liabilities or loss (other than to the Company or a related body corporate) that may arise from their position as Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an Officer of the Company.

The Company has also indemnified the current and previous Directors of its controlled entities and certain members of the Company's senior management for all liabilities and loss (other than to the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act.

The Company has executed deeds of indemnity with each of the Non-Executive Directors.

Directors' and Officers' Insurance

The Company has paid insurance premiums for one year's cover in respect of Directors' and Officers' liability insurance contracts, for Officers of the Company and of its controlled entities. The insurance cover is on standard industry terms and provides cover for loss and liability for wrongful acts in relation to the relevant person's role as an Officer, except that cover is not provided for loss in relation to Officers gaining any profit or advantage to which they were not legally entitled, or Officers committing any criminal, dishonest, fraudulent or malicious act or omission, or any knowing or wilful violation of any statute or regulation.

The insurance does not provide cover for the independent auditors of the Company or of a related body corporate of the Company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 24 board meetings, 6 remuneration and nomination committee meetings and 2 audits and risk committee meetings and 2 strategy meetings were held.

	Board of directors		Audit & Risk committee		Nomination & remuneration committee		Strategy	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Simon Baker	19	19	-	-	5	5	1	1
Patrick Grove	24	24	-	-	6	6	2	2
Hugh Morrow	24	24	-	-	6	6	2	2
Samuel Weiss	24	23	2	2	1	1	2	2
Lucas Elliott	24	21	2	2	-	-	2	2
Georg Chmiel	24	23	2	2	-	-	2	2
Roland Tripard	24	24	-	-	-	-	2	2

Directors' Interest in Contracts

No material contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the year, other than those transactions detailed in note 24 to the Financial Statements.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

There were no fees for non-audit services paid to the external auditors during the financial year.

Auditor's independence declaration

The statement by the Consolidated Entity's external auditors to the members of the iProperty Group Limited in relation to the auditors' compliance with the independence requirements of the Corporations Act and the professional code of conduct for external auditors, forms part of this Directors' Report and is set out after this Directors' Report on page 29.

No person who was an Officer of the Company during the financial year was a Director or partner of the Group's external auditor at a time when the Group's external auditor conducted an audit of the Group.

Remuneration report

This Remuneration Report forms part of the Directors' Report and outlines the remuneration arrangements for executives and employees of iProperty Group Limited and controlled entities, including Specified Directors and Specified Executives in accordance with section 300A and Regulation 2M.3.03 of the Corporations Regulations.

Director and senior management details

The following persons acted as Directors of the Company during or since the end of the financial year:

- Patrick Grove
- Hugh Morrow
- Samuel Weiss
- Lucas Elliott
- Georg Chmiel
- Roland Tripard
- Simon Baker (resigned 24 September 2012)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Shaun Di Gregorio (Chief Executive Officer)
- Rod Brandenburg (Chief Financial Officer) (resigned 9 November 2012)
- Rob Goss (Chief Financial Officer) (appointed 29 October 2012)
- Paul Whiteway (Chief Operating Officer) (appointed 3 September 2012)

Remuneration & Nomination Committee

Role

The membership, responsibilities, authority and activities of the Remuneration & Nomination Committee are set out in the Remuneration & Nomination Committee Charter, which has been approved by the Board.

The responsibilities of the Remuneration Committee are to:

- monitor, review and recommend to the Board, as necessary and appropriate:
  - the remuneration, superannuation and incentive policies and arrangements for the Chief Executive Officer and key management personnel (ie. those executives who report directly to the Chief Executive Officer);
  - the remuneration arrangements for Non-Executive Directors on the Board;
  - the recruitment, retention and termination policies and procedures for the Chief Executive Officer and key management personnel; and
  - key appointments and executive succession planning.
- oversee the Group's general remuneration strategy;
- review the composition of the Board including:
  - the criteria for selection of Directors, having regard to the need for the breadth and depth of skills and experience on the Board; and
  - the process for selecting new Directors.

Membership and meetings

As at the date of this report, the members of the Remuneration & Nomination Committee were:

Hugh Morrow (Chairman)
Patrick Grove
Sam Weiss

The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration. The Committee members met three times during the year.

Advisers

External specialist remuneration advice is sought on an as-needs basis in respect of remuneration arrangements for Non-Executive Directors of the Board and key management personnel of the Group. General reward advice is sought on an ad hoc basis.

Reward policy

The Company has an established policy for determining the nature and amount of emoluments of Board members and key management personnel of the Company to align remuneration with the creation of shareholder value. The remuneration structure for the key management personnel seeks to emphasise payment for results.

Reward philosophy

The Company's overall philosophy is to manage the remuneration to:

- create an environment that will attract top talent, and where people can be motivated with energy and passion to deliver superior performance;
- recognise capabilities and promote opportunities for career and professional development;
- provide rewards, benefits and conditions that are competitive within the markets in which the Group operates; and
- provide fair and consistent rewards across the Group, which support corporate principles.

In accordance with the ASXCGPR, the structure of Non-Executive Directors and key management personnel remuneration is separate and distinct.

Company Performance

The table below shows the performance results of the Company for the period since incorporation, inclusive of continuing and discontinued operations, as well as the share price at the end of the respective financial years. The financial information reported is compliant with AIFRS. The 2008 to 2012 years financial information is for the full year ended 31 December. The 2007 financial information is for the period from the date of incorporation 26 June 2007 to 31 December 2007.

	31 Dec 2012 $	31 Dec 2011 $	31 Dec 2010 $	31 Dec 2009 $	31 Dec 2008 $	31 Dec 2007 $
Revenue	15,460	11,965	7,233	3,975	4,090	568
Net (loss)/profit after tax	(2,938)	(2,009)	(2,539)	(1,905)	(719)	23

	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
Share price at start of year	$0.98	$0.51	$0.10	$0.12	$0.25	$0.28
Share price at end of year	$0.90	$0.98	$0.51	$0.10	$0.12	$0.25
Interim dividend	NIL	NIL	NIL	NIL	NIL	NIL
Final dividend	NIL	NIL	NIL	NIL	NIL	NIL
Basic loss per share	($0.0167)	($0.0127)	($0.0190)	($0.0169)	($0.0007)	($0.0003)
Diluted loss per share	($0.0167)	($0.0127)	($0.0190)	($0.0169)	($0.0007)	($0.0003)

The Company has a policy of ensuring that at least part of the remuneration of key management personnel is based on the performance of the Company. Key management personnel are compensated with fixed remuneration and "at risk" remuneration based on revenue, cash and earnings targets.

Key Management Personnel and Executive Director Remuneration

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and:

- Reward key management personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Remuneration for key management personnel and staff includes an annual review using a formal performance appraisal process.

The Remuneration Committee recommends to the Board the level of fixed remuneration for the CEO each year based on his performance.

The remuneration structure is in two parts:
- Fixed remuneration; and
- Variable remuneration

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration comprises of payroll salary, superannuation and other benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or other benefits.

Variable Remuneration

Comprises of a short term incentive plan and a long term incentive plan.

- *Short term incentive plan (STI)*

  Short term incentives are used to reward performance on a year by year basis. The principal performance indicator of the short term incentive plan on the Company's financial performance during the year and individual achievement of specified goals, for example for achieving progress with growth initiatives. The percentage and threshold level can differ for each individual and are reviewed each year. The Company has approved predetermined performance targets which must be met in order to trigger payments under the STI. Payments are made in the form of cash and shares.

  Key employees of iProperty are eligible to participate in the STI program by invitation from the Board.

- *Long term incentive plan (LTI)*

  iProperty has established a long term incentive plan called the iProperty Group Limited Rights Plan ("Plan"). The Plan is part of the Company's remuneration strategy and is designed to align the interests of management and shareholders and assist iProperty in the attraction, motivation and retention of executives. In particular, the Plan is designed to provide relevant executives with an incentive for future performance, with conditions of vesting and exercise of performance rights under the Plan, encouraging those executives to remain with the Company and contribute to the future performance of the Company.

  LTI payments granted to each participating key employee depends on the extent to which specific targets set at the beginning of the plan are met. The targets relate to earnings of the company and staff remaining in employment. Payments are made in the form of rights to the Company's shares that generally vest to the employee and become convertible 2 – 3 years after they are granted based on the most recent years earnings performance.

  Only key executives of iProperty will be eligible to participate in the Plan by invitation from the Board.

The following share-based payment compensation to Directors and senior management relate to the 2011 financial year:

		During the financial year			
Name	**Rights series**	**No. granted**	**No. vested**	**% of grant vested**	**% of grant forfeited**
S Di Gregorio	(1) Issued 20 Feb 11	595,437	Nil	Nil	Nil
	(2) Issued 29 Jul 11	244,200	Nil	Nil	Nil
A Kelk	(2) Issued 29 Jul 11	61,050	Nil	Nil	Nil

On their departure from the Group both Rod Brandenburg (128,205 rights) and Glenn Thompson (67,155) forfeited their rights in respect of the 2011 LTI Plan. No otherights were exercised during the year, lapsed or forfeited. Rights Series 1 is based on an earnings per share target for 2012 and the executives being employed in March 2013 (vesting date). Rights Series 2 is based on an earnings per share target for 2013 and the executives being employed in March 2014 (vesting date). The Rights expire 10 years after their vesting date. The fair value of the rights for Series 1 ranged between 16 cents and 24 cents. The fair value for Series 2 was 49 cents.

Key Management Personnel Remuneration

The following table summarises the remuneration arrangements for the key management personnel for 2012. Details of remuneration of key management personnel and Directors are shown on Table A of this report.

	Mr S Di Gregorio	Mr R Goss	Mr P Whiteway
Position	Chief Executive Officer	Chief Financial Officer	Chief Operating Officer
Term of employment	No fixed term	No fixed term	No fixed term
Notice period	3 months	3 months	3 months
Total employment cost (TEC) [1]	AUD 300,000 p.a	AUD 250,000 p.a	AUD 225,000 p.a
Short term incentive	Up to AUD 150,000 subject to meeting performance targets as set by the Board. Payment is to be made in cash.	Up to AUD 100,000 subject to meeting performance targets as set by the Board. Payment is to be made in cash.	Up to AUD 90,000 subject to meeting performance targets as set by the Board. Payment is to be made in cash.
Long term incentive	Up to AUD 150,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Up to AUD 75,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Up to AUD 67,500 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.
Other benefits	Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 3,750 per month). School fees of up to MYR 28,000 per child per annum in addition to application fees of MYR 20,000 per child (AUD equivalents $8,800 and $6,300).	Housing allowance of MYR 9,000 per month (equivalent to approximately AUD 2,850 per month). School fees of up to MYR 28,000 per child per annum in addition to application fees of MYR 20,000 per child (AUD equivalents $8,800 and $6,300).	Housing allowance of MYR 7,000 per month (equivalent to approximately AUD 2,200 per month)
Termination by executive	3 months	3 months	3 months
Termination by company	3 months	3 months	3 months

[1] A portion of TEC may be taken in the form of packaged benefits (such as a motor vehicle and parking), and is inclusive of fringe benefits tax where relevant and employer superannuation contributions.

The Remuneration Committee of the Board recommends each year, reasonable performance measures and targets for use in assessing each Executive's performance. After the end of each financial year, the Remuneration Committee of the Board reviews each Executive's performance in comparison to these measures and targets. STI targets (as a percentage of Total Executive Compensation ("TEC")) are determined annually by the Board, based on the recommendation of the Remuneration Committee for the coming year. TEC is base remuneration inclusive of superannuation and benefits but excludes leave accrued not taken.

Details of remuneration

The following tables show details of the nature and amount of each element of the remuneration paid or payable with respect to services provided for the period as Directors of the Company and key management personnel of the Group during the period.

Remuneration of Directors and senior management (Table A)

	Short-term Employee benefits										
2012	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Post employment benefits $**	**Other long-term employee benefits $**	**Shares & unit $**	**Options & Rights $**	**Total $**	**Performamce bonus as a % of total remuneration**	**% of compensation for the year consisting of options/rights**
Non-executive Directors											
P Grove	26,250	-	-	-	-	-	36,750	-	63,000	-	-
S Baker	22,500	-	-	-	-	-	31,500	-	54,000	-	-
H Morrow	20,000	-	-	-	-	-	28,000	-	48,000	-	-
S Weiss	20,000	-	-	-	-	-	28,000	-	48,000	-	-
L Elliott	20,000	-	-	-	-	-	28,000	-	48,000	-	-
G Chmiel	20,000	-	-	-	-	-	28,000	-	48,000	-	-
R Tripard	10,000	-	-	-	-	-	14,000	-	24,000	-	-
	138,750	**-**	**-**	**-**	**-**	**-**	194,250	-	**333,000**	-	-
Key Management Personnel											
S Di Gregorio	285,218	-	-	64,986	14,461	-	-	42,433	407,098	-	10.4
R Brandenburg	182,169	-	-	22,189	-	-	-	9,784	214,142	-	4.6
R Goss	43,275	-	-	-	-	-	-	-	43,275	-	-
P Whiteway	74,190	-	-	2,162	-	-	-	-	76,352	-	-
	584,852	-	-	89,337	14,461	-	-	52,217	740,867	-	-
	723,602	**-**	**-**	**89,337**	**14,461**	**-**	**194,250**	**52,217**	**1,073,867**	-	-

No retirement benefits were paid to Directors or Key Management Personnel in FY 2012 or FY 2011. Bonuses were paid to key management personnel upon review of individual performance by the Directors against targets set. On 22 November 2012 the service condition on the 2010 LTI Plan was varied by the Board and Rod Brandenburg was issued with 125,328 shares. This expense in relation to these shares already had been fully recognised as a share based payment during 2011 and 2012.

	Short-term Employee benefits										
2011	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Post employment benefits $**	**Other long-term employee benefits $**	**Shares & unit $**	**Options & Rights $**	**Total $**	**Performamce bonus as a % of total remuneration**	**% of compensation for the year consisting of options/rights**
Non-executive Directors											
S Baker	30,000	-	-	-	-	-	42,000	-	72,000	-	-
P Grove	25,000	-	-	-	-	-	35,000	-	60,000	-	-
H Morrow	20,000	-	-	-	-	-	28,000	-	48,000	-	-
S Weiss	20,000	-	-	-	-	-	28,000	-	48,000	-	-
L Elliott	20,000	-	-	-	-	-	28,000	-	48,000	-	-
G Chmiel	19,833	-	-	-	-	-	28,000	-	47,833	-	-
R Tripard	5,000	-	-	-	-	-	7,000	-	12,000	-	-
	139,833	**-**	**-**	**-**	**-**	**-**	196,000	-	**335,833**	-	-
Key Management Personnel											
S Di Gregorio	285,539	-	-	40,000	14,461	-	144,167	52,087	536,254	36.6	9.7
R Brandenburg	210,000	31,500	-	25,905	-	-	39,250	19,903	326,558	27.8	6.1
A Kelk	135,539	45,000	-	25,714	14,461	-	-	4,200	224,914	21.9	1.9
N Geddes	55,277	-	-	-	-	-	-	-	55,277	-	-
G Thompson	150,739	48,462	-	40,038	11,223	-	-	1,980	252,442	20.0	0.8
T Hor	118,000	33,750	-	-	16,224	-	-	3,360	171,334	21.7	2.0
	955,094	158,712	-	131,657	56,369	-	183,417	81,530	1,566,779	-	-
	1,094,927	**158,712**	**-**	**131,657**	**56,369**	**-**	379,417	81,530	**1,902,612**	-	-

Share based payments to executives

During 2011 the Board approved the issue of 1,376,036 rights to ordinary shares under the iProperty Group Limited Rights Plan. The rights related to 2010 participation (720,765 rights) issued in February 2011 and 2011 participation (655,271 rights) issued in July 2011. The rights may be exercised by the employees if certain company performance measures are met in 2012 (2010 plan) and 2013 (2011 plan) and the executives remain employed by the Company until at least March 2013 (2010 plan) and March 2014 (2011 plan). The rights may be exercised at any time after March 2013 (2010 plan) and March 2014 (2011 plan) but have an expiry of 10 years from the respective grant dates. There were no rights to ordinary shares issued to executives during 2012 as the performance hurdles were not satisfied. The details of the key management recipients are listed below.

Employees	Rights issued under 2012 plan	Rights issued under 2011 plan	Rights issued under 2010 plan*
Shaun Di Gregorio	-	244,200	595,437
Andy Kelk	-	61,050	-

* The 2010 rights were issued in February 2011. There are no other employee rights issued by the iProperty Group Limited.

Share based payments to Non-Executive Directors

By an agreement between the Company and each of the Non-Executive Directors, the Non-Executive Directors have agreed to provide services to the Company. As detailed in the iProperty prospectus the Non-Executive Directors will be remunerated using a mixture of cash and iProperty shares. During the financial year and the previous financial year, Directors' entitlement to shares vests monthly on a pro-rata basis provided they continue to be Directors of the Company at that time.

The remuneration of Non-Executive Directors for the year ended 31 December 2012 includes $194,250 (2011: $196,000) in value of shares which are yet to be issued to Non-Executive Directors. The number of shares in respect of the 2011 remuneration is based on the VWAP over the period that they accrued and has been calculated to be 90.09 cents for the period. A total of 217,560 shares were issued during the year for 2011 and were approved at the 2012 AGM. The total number of shares outstanding to all Directors is 222,292 which was determined using a VWAP of 97.87 cents and is subject to shareholder approval at the next annual general meeting.

	2012			2011			
	Shares issued	Shares vested but not issued	Total	Shares issued	Shares vested but not issued in 2010	Total	Total shares vested but not issued
S Baker	46,620	-	46,620	159,087	46,620	205,707	47,634
P Choiselat	-	-	-	130,517	-	130,517	-
P Grove	38,850	-	38,850	112,192	38,850	151,042	39,695
H Morrow	31,080	-	31,080	138,675	31,080	169,755	31,756
S Weiss	31,080	-	31,080	138,675	31,080	169,755	31,756
L Elliott	31,080	-	31,080	89,731	31,080	120,811	31,756
L Gan	-	-	-	16,315	-	16,315	-
G Chmiel	31,080	-	31,080	-	31,080	31,080	31,756
R Tripard	7,770	-	7,770	-	7,770	7,770	7,939
	217,560	-	217,560	785,192	217,560	1,002,752	222,292

In addition to remuneration benefits above, the Company paid a premium for a contract insuring all Directors of the Company and specified executives of the Group as officers. It is not possible to allocate the benefit of this premium between individual Directors or specified executives. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the premium paid under the contract.

Non-Executive Director Remuneration

The following persons were Non-Executive Directors of the Company at 31 December 2012:

Name	Position
Patrick Grove	Non-Executive Director
Hugh Morrow	Non-Executive Director
Samuel Weiss	Non-Executive Director
Luke Elliott	Non-Executive Director
Georg Chmiel	Non-Executive Director
Roland Tripard	Non-Executive Director

Remuneration Policy

The fees paid to Non-Executive Directors on t he Board are based on data from external remuneration sources. The determination of the amount of the fees takes into consideration the level of fees paid to Board members of other Australian corporations, the size and complexity of the Group's operations, the activities of the Group and the responsibilities and workload requirements of Board members.

Fees are established from time to time for the Chairman, Deputy Chairman and Non-Executive Directors.

The appointment letters for the Non-Executive Directors set out the terms and conditions of their appointments. These terms and conditions are in conjunction with, and subject to, the Company's Constitution and the charters and policies approved by the Board from time to time.

Each Non-Executive Director receives a fee for being a Director of the Company. These fees are paid partly in cash and partly by the issue of iProperty shares.

Options

There were no share options granted to Directors during or since the end of the financial year.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.
On behalf of the Directors

Dated 26 February 2013

Patrick Grove
Chairman

Corporate Governance statement

The following statement sets out the governance framework adopted by the iProperty Board.

Approach to Governance

In relation to corporate governance, the Board seeks to embrace those principles and practices that are relevant and appropriate to the size of the Company.

Compliance with Corporate Governance Codes

The Company is listed on ASX and is required by ASX Listing Rule 4.10.3 to disclose the extent to which it has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. The ASX Corporate Governance Council recommendations are contained in the 2nd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX CGP). These principles were last updated in June 2010; however these latest amendments were effective from 1 January 2011.

With the following exceptions the Company has adhered to the ASX Corporate Governance Principles and Recommendations:

Principle 1 - Lay solid foundations form management and oversight

Recommendation 1.2: Companies should disclose the process for evaluation of the performance of senior executives.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and executives, there is on-going monitoring by the Chairman and the Board. This takes place via a questionnaire circulated to all Directors by the Chairman of the Remuneration & Nomination Committee which is then reviewed by that Committee. The Chairman also speaks to Directors individually regarding their performance as a Director.

Principle 2 – Structure the Board to add value

Recommendation 2.1: A majority of the Board should be independent director.

Three of the Company's six Directors are considered to be independent. The non-independent director are considered not to be independent as they are or are representatives of substantial shareholders. None of the Directors are executives of the Company.

Recommendation 2.2 The chair should be an independent director.

Mr Patrick Grove, the Chairman controls a substantial shareholder and consequently cannot be regarded as an independent director but it is considered that this is offset by his significant knowledge of and experience in the on-line media industry.

1. Board of Directors – Role and Responsibilities

The Board is responsible for and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the ultimate responsibility for the success of the Company.

Where the Board considers that particular expertise or information is required, which is not available within the Board, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board. Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- Formulation and approval of the strategic direction, objectives and goals of the Company;
- Prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- Resourcing, review and monitoring of executive management;
- Ensuring maintenance of and compliance with appropriate internal control systems and procedures;
- Identification and management of significant business risks and ensuring that such risks are appropriately addressed;
- Timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market (ASX);
- Establishment and maintenance of appropriate ethical standards.

2. Board of Directors - Compositions, Structure and Process

The Board has an appropriate blend of skills and experience and is of an appropriate size to adequately discharge its responsibilities and duties given the current size, scale and nature of the Company's activities.

Details of the Directors are found in the Directors' Report.

2.1 Skills, knowledge and experience
Directors are appointed based on the specific corporate, technical and governance skills and experience required by the Company. The Board includes Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

2.2 Non-Executive Directors
All Directors are non-executive Directors.

2.3 Chairman and Chief Executive Officer
The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

Patrick Grove was appointed Chairman of the Company in September 2012.

Shaun Di Gregorio was appointed Chief Executive Officer of the Company in January 2010 and is responsible for and accountable to the Board for the Company's management.

2.4 Company Secretary
The Company Secretary is appointed by the Board and is responsible for developing and maintaining the appropriate governance systems and processes for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Nick Geddes FCA FCIS.

2.5 Committees of the Board
To assist in the execution of its corporate governance responsibilities, the Board has two committees, the Audit & Risk Committee and the Remuneration & Nomination Committee. When appropriate special Board committees may be appointed to address specific issues. Requirements for Board committees are reviewed regularly. All committees operate principally in a review or advisory capacity, except in cases where powers are expressly conferred on or delegated to a committee by the Board.

2.5.1 Audit & Risk Committee

The Board has established an Audit & Risk Committee that operates under a charter approved by the Board. It is the Board's responsibility to ensure that an appropriate and effective internal control framework exists within the entity.

The system of internal control is designed to safeguard assets, ensure the maintenance of proper accounting records, monitoring of risks and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the economic entity to the Audit & Risk Committee. That Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The members of the Audit & Risk Committee are Georg Chmiel (Chair), Sam Weiss and Lucas Elliott. Full details and qualifications of the members are contained in the Directors' Report.

The members are experienced in executive management, public company management and finance. The Chair of the Audit & Risk Committee is not the Chairman of the Board. The external auditors, the CEO and CFO are invited to Audit & Risk Committee meetings at the discretion of the Committee. The Committee met formally twice during the year. Attendance at the meetings is set out in the Directors' Report.

The Audit & Risk Committee is also responsible for directing and monitoring the internal audit function (if appointed), nomination of the external auditor, monitoring the independence of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit or review. The Committee reviews the performance of the external auditors on an annual basis.

2.5.2 Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for reviewing the remuneration of Directors and senior management, evaluation of senior management and makes recommendations to the Board on these matters. This role also includes responsibility for recommendations to the Board on share and option schemes, incentive performance packages, superannuation entitlements, composition of the Board and the process and criteria for selection of new Directors. The Committee also has the responsibility to oversee the Company's general remuneration strategy.

The Company does not have a defined process for selecting new Directors.

Remuneration levels are competitively set to attract the most qualified and experienced Directors and key management personnel. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages.

The members of the Committee are Hugh Morrow (Chair), Patrick Grove and Sam Weiss. The Committee met six times during the year. Attendance at the meetings is set out in the Directors' Report.

Details of the amount of remuneration, and all monetary and non-monetary components, for each of the 5 highest-paid (non-Director) key management personnel and all Directors during the year ending 31 December 2012 are contained in the Remuneration Report included in the Directors' Report. Termination entitlements for key management personnel, if any, are also contained in the report.

Non-Executive Directors are remunerated by way of fees and shares, and are not provided with retirement benefits.

2.6 Independence

An independent director, in the view of the Company, is a Non-Executive Director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- has not previously been employed in an Executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a professional adviser or a consultant to the Company to a material extent, or an employee of a significant service provider;
- Is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company other than as a Director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Sam Weiss, Hugh Morrow and Georg Chmiel are regarded as independent director. The size of the Board will be reviewed periodically and if the Company's activities increase in size, nature and scope the composition and size of the board will be reviewed.

2.7 Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be perceived to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be determined by the Board, takes such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself or herself from the room when the conflicted matter is being discussed and/or when voting occurs, save with the approval of the remaining Directors and subject to the Corporations Act.

2.8 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

2.09 Share Dealings and Disclosures

The Company's Share Trading Policy regarding Directors, executives and employees dealing in its securities, is set by the Board and complies with ASX Listing Rules Chapter 12. The Board restricts Directors, executives and employees from trading in Company securities except during trading windows and in any event when in possession of price sensitive information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. executives, employees and Directors are required to obtain approval from either the CEO/Managing Director or Chairman prior to dealing in securities in the Company or other companies in which the Company has a relationship. The policy outlines the exceptional circumstances during which trading may take place during a blackout period and sets rules for “passive trading”.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

2.10 Board nominations

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

2.11 Terms of Appointment as a Director

The current Directors of the Company have been appointed until they are either removed (which will include the circumstances where the Director is not re-elected) or resign. The Constitution of the Company provides that a Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

2.12 Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their performance as a Director and of the Board.

2.13 Meetings of the Board

The Chairman and CEO will generally schedule formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled meetings. Circular Resolutions are also utilised when appropriate. Board meetings are held predominantly by telephone conference as Directors are resident in several countries. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. It is recognised and accepted that Board members may also concurrently serve on other Boards, either in an executive or non-executive capacity.

2.14 Independent Professional Advice

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

2.15 Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company are required to keep confidential, information obtained in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

2.16 Nomination of new Directorships

The primary vehicle for the effective management of director nominations will be the Remuneration & Nomination Committee appointed by the Board.

The responsibilities assumed by the Remuneration & Nomination Committee will include:

- Devising criteria for Board membership, regularly reviewing the need for various skills and experience of the Board and identifying specific individuals for nominations as Directors; and
- Oversight of the Board and Executive succession plans.

2.17 Director's deeds

The Company has also entered into a Deed of Indemnity, Insurance and Access with each of the Directors and senior officers to regulate certain matters between the Company and each Director, both during the time the Directors hold office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries).

3. Remuneration Policy

The fees and emoluments paid to Directors are approved in advance by Shareholders. The salary and emoluments paid to officers are approved by the Remuneration & Nomination Committee. Consultants are engaged as required pursuant to Consultancy Service Agreements. The Company ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company and that they will not be excessive. All salaries of Directors and senior executives are disclosed in the Remuneration Report of the Company each year.

4. Diversity

The 2010 amendments to the ASX Corporate Governance Guidelines Principles and Recommendations included amendments that seek to address diversity concerns, in particular, the under- representation of women on Boards and in senior management.

In addition to business policies, practices and behaviours that promote diversity and equal opportunity and create an environment where individual differences are valued the Board adopted a Diversity policy in February 2012. This policy set out minimum expectations to be met by the Group on workforce diversity. A copy of the Policy is available on the Investor Relations – corporate governance section of the Group's website: www.iproperty.com. The Policy describes the Group's intention to be an organisation with a leadership and workforce that reflects the diversity of the broader communities in which the Group operates.

The breakdown of Directors and employees by gender is as follows:

Proportion of female to male employees at iProperty Group Limited as at 31 December 2012				
iProperty Group Limited	**Board**	**Senior executives**	**Manager**	**Employee**
Female	0%	25%	42%	41%
Male	100%	75%	58%	59%

The Board has set a number of objectives under the Policy, namely to:

- the Board is committed to addressing the lack of gender diversity on the Board. There is a 2016 target of 15% of the Board being female Directors.
- continue to maintain a balanced ratio of female management
- optimise local talent in senior management and the workforce in established international markets; and establish an effective measurement and reporting framework. The Policy objectives, and the Group's progress in achieving them, will be assessed on an annual basis.

5. Code of Conduct and Ethical Standards

The Company has adopted a formal Code of Conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

6. Internal Control and Risk Management

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk and has established a separate Audit and Risk Management Committee which is governed by a separate Board Charter.

The Board receives regular reports from management about the financial condition and operational results of the Company. The Board has also received written assurances from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge and belief:-

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and comply with relevant accounting standards; and
- The risk management and internal compliance and control systems are sound, appropriate and operating effectively and implement the policies adopted by the Board.

The Board and management undertake annual reviews on the Company's strategic and operational risks as part of its annual strategy and budget process. Divisional heads are encouraged to provide their inputs at such annual reviews. This process allows the Board to have a better understanding on the overall industry risks and opportunities which the Company operates in.

The Company has identified the following possible business risks which the Company believes to be inherent in the industry in which the Company operates:-

- Competition and disruptive technologies
- Fluctuations in exchange rates
- Political stability risk in some of the countries in which the Group operates
- Interest rate risk
- Stability of internet infrastructure
- Risk of penetration of internal systems by unauthorised persons
- Changes in local government regulations
- Increased cost of operations including employment costs
- Retention of key employees
- Fluctuations in website traffic
- Cyclical property markets due to general market outlook for economic growth and interest rates
- Force majeure events

The above risks are provided to assist investors to better understand the nature of the risks faced by the Company and the industry in which the Company operates in. They are not necessarily an exhaustive list.

Management regularly undertakes reviews of its risk management procedures which include implementation of a system of internal sign-offs to ensure not only that the Company complies with its legal obligations but that the Board, and ultimately shareholders, can take comfort that an appropriate system of checks and balances is in place regarding those areas of the business which present financial or operating risks.

7. CEO and CFO Certification

The Chief Executive Officer and the Chief Financial Officer have provided a written statement to the Board that their view provided on the Group's financial reports founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and that the Group's risk management and internal compliance and control system is operating effectively in all material respects.

8. Communications to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs and has adopted a Shareholder Communication Policy. The Policy provides that information will be communicated to shareholders and the market through:

- The Annual Report which is made available to shareholders;
- The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- The Half-Yearly Directors' and Financial Reports;
- Quarterly Report for Entities admitted on the basis of commitments;
- Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to Shareholders.

The Company will actively promote communication with shareholders through a variety of measures, including the use of the Company's website. The Company's reports and ASX announcements will be available for viewing and downloading from its website: www.iproperty-group.com or the ASX website: www.asx.com.au under ASX code "IPP".

9. Continuous Disclosure to ASX

The Board has adopted a Continuous Disclosure Policy and has designated the CEO, CFO or Company Secretary as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company will notify the ASX promptly of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Compliance with The ASX Corporate Governance Principles and Recommendations

The extent to which iProperty has followed the ASXCGPR is as follows:

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	Compliance	Corporate Governance Statement (CGS) References/Comments
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	1, 2
1.2 Formalise and disclose the process for evaluating the performance of management.	Yes	2.5.2, 2.12
1.3 Provide the information indicated in Guide to reporting on Principle 1.	Yes	Annual Report Website CGS
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
2.1 A majority of the Board should be independent director.	No	The current members of the Board have the relevant and appropriate mix of skills and experience to perform the Board's functions and responsibilities.
2.2 The Chairman should be an independent director	No	The Chairman is not independent as a consequence of being a substantial shareholder in the Company. This has not impeded his ability to chair the Board effectively.
2.3 The roles of Chairman and Chief Executive officer should not be exercised by the same individual	Yes	2, 2.3
2.4 The Board should establish a Nomination Committee	Yes	2.5.2, 2.16
2.5 Formalise and disclose the process for evaluating the performance of the Board, its committees and individual directors	Yes	2.5.2, 2.12
2.6 Provide the information indicated in Guide to reporting on Principle 2.	Yes	Annual Report Website CGS

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	Compliance	Corporate Governance Statement (CGS) References/Comments
3.1 Establish a Code of Conduct to guide the Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 The practices necessary to maintain confidence in the Company's integrity. 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	4
3.2 Establish a policy concerning diversity and disclose that policy or a summary.	Yes	4 Website
3.2a Disclose the policy concerning trading in Company Securities by Directors, officers and employees	Yes	2.9 Website
3.3 Disclose in each annual report the measurable objectives for achieving gender diversity and progress towards achieving them.	Yes	4
3.4 Disclosure in each annual report of the proportion of women in the whole organisation, women in senior executive positions and women on the Board.	Yes	4
3.5 Provide the information indicated in Guide to reporting on Principle 3.	Yes	CGS
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
4.1 The Board should establish an audit committee.	Yes	2.5.1
4.2 Structure the audit committee so that it consists of: 4.2.1 Only non-executive Directors. 4.2.2 A majority of independent director. 4.2.3 An independent chairperson, who is not chairperson of the Board. 4.2.4 At least three members	Yes	2.5.1
4.3 The audit committee should have a formal charter.	Yes	5
4.4 Provide the information indicated in Guide to reporting on Principle 4.	Yes	CGS
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a s enior management level for that compliance.	Yes	7
5.2 Provide the information indicated in Guide to reporting on Principle 5.	Yes	Annual Report Website CGS

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	Compliance	Corporate Governance Statement (CGS) References/Comments
6.1 Design and di sclose a c ommunications strategy for promoting effective communication with shareholders and encouraging participation at general meetings.	Yes	7
6.2 Provide the information indicated in Guide to reporting on Principle 6.	Yes	Annual Report Website CGS
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
7.1 The Board or appropriate Board committee should establish and disclose policies on risk oversight and management.	Yes	2.5.1, 6
7.2 Management to design and implement a risk management and internal control system to manage the Company's material business risks. T he Board to disclose that management has reported to the Board in writing that: • The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	2.5.1, 6
7.3 The Board to disclose that the chief executive officer (or equivalent) and the chief financial officers (or equivalent) have provided to the Board in writing 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	2.5.1, 6
7.4 Provide the information indicated in Guide to reporting on Principle 7.	Yes	Annual Report Website CGS
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
8.1 The Board should establish a remuneration committee.	Yes	2.5.2, 3
8.2 • It should consist of a majority of independent director • Be chaired by an independent director • Have at least 3 members.	Yes Yes Yes	Annual Report
8.3 Clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes	Annual Report
8.4 Provide the information indicated in Guide to reporting on Principle 8.	Yes	Annual Report Website & CGS

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Auditor's Independence Declaration to the Directors of iProperty Group Limited

In relation to our audit of the financial report of iProperty Group Limited for the financial 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.

Ernst & Young

Ernst & Young

David McGregor

D. R. McGregor
Partner
26 February 2013

Directors' Declaration

In accordance with a resolution of the Directors IProperty Group Limited, the Directors declare that:

1. In the opinion of the Directors:

   (a) The financial statements and notes of the IProperty Group Limited for the financial year ended 31 December 2012 are in accordance with the *Corporations Act 2001*, including:

      (i) Giving a true and fair of the financial position and performance of the Group

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

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

   (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 31 December 2012.

On behalf of the Board

....

Patrick Grove
Chairman

26 February 2013

Consolidated statement of comprehensive income for the financial year ended 31 December 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Continuing operations			
Revenue from services		15,460,380	11,965,402
Other income		2,181,179	-
		17,641,559	**11,965,402**
Administration expenses		(948,093)	(813,391)
Advertising and marketing expenses		(2,974,409)	(2,364,333)
Employment expenses	5	(11,628,584)	(8,386,422)
Premises and infrastructure expenses		(1,311,958)	(1,075,575)
Offline production costs		(2,865,881)	(1,275,582)
Terminated acquisition expenses		(736,267)	-
Other expenses		(67,252)	(49,676)
Total expenses		**(20,532,444)**	**(13,964,979)**
Loss before interest, tax, depreciation and amortisation (EBITDA)		**(2,890,885)**	**(1,999,577)**
Depreciation and amortisation		(298,553)	(186,145)
Loss before interest and tax (EBIT)		**(3,189,438)**	**(2,185,722)**
Interest Income		395,384	204,016
Interest Expense	5	(106)	(9,836)
Loss before tax		**(2,794,160)**	**(1,991,542)**
Income tax (expense)/benefit	6	(143,780)	(17,077)
Loss for the year		**(2,937,940)**	**(2,008,619)**
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		**88,829**	(174,946)
Other comprehensive income/(loss) for the year		**88,829**	**(174,946)**
Total comprehensive loss for the period		**(2,849,111)**	**(2,183,565)**
Loss attributable to:			
Owners of the Company		(2,937,940)	(2,008,619)
		(2,937,940)	**(2,008,619)**
Total comprehensive loss attributable to:			
Owners of the Company		(2,849,111)	(2,183,565)
		(2,849,111)	**(2,183,565)**
Loss per share from continuing operations		**Cents**	**Cents**
Basic	7	(1.67)	(1.27)
Diluted	7	(1.67)	(1.27)

Notes to the financial statements are included on pages 35 to 59.

Consolidated statement of financial position as at 31 December 2012

	Note	Consolidated 2012 $	2011 $
Current assets			
Cash and cash equivalents	8	11,224,249	6,080,274
Trade and other receivables	9	2,269,769	1,867,201
Other assets	10	642,348	625,715
Current tax assets		-	11,154
Total current assets		**14,136,366**	**8,584,344**
Non-current assets			
Available for sale investments	11	2,000,000	-
Property, plant and equipment	12	610,095	438,292
Intangibles	13	2,154,817	1,164,152
Goodwill	14	14,544,288	15,617,599
Total non-current assets		**19,309,200**	**17,220,043**
Total assets		**33,445,566**	**25,804,387**
Current liabilities			
Trade and other payables	15	4,387,831	4,434,390
Provisions	16	807,524	907,541
Current tax liabilities		30,848	-
Total current liabilities		**5,226,203**	**5,341,931**
Total Non-current liabilities		**-**	**-**
Total liabilities		**5,226,203**	**5,341,931**
Net assets		**28,219,363**	**20,462,456**
Equity			
Issued capital	17	38,744,760	28,144,452
Reserves	18	(439,005)	(533,544)
Accumulated losses	19	(10,086,392)	(7,148,452)
Total equity		**28,219,363**	**20,462,456**

Notes to the financial statements are included on pages 35 to 59.

Consolidated statement of cash flows
for the financial year ended 31 December 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash flows from operating activities			
Receipts from customers		15,161,658	11,641,589
Payments to suppliers		(8,891,197)	(6,283,729)
Payments to employees		(10,807,815)	(7,207,529)
Interest received		411,026	119,780
Income tax paid		(103,207)	(62,700)
Net cash used in operating activities	29	**(4,229,535)**	**(1,792,589)**
Cash flows from investing activities			
Payments for business acquisitions			
Proceeds from sale of intangible assets		1,000,000	-
Purchases of property, plant and equipment	12	(422,985)	(313,828)
Payments for intangible assets		(553,728)	(375,314)
Payments for subsidiaries acquired net of cash acquired	22	(308,799)	(2,153,597)
Net cash used in investing activities		**(285,512)**	**(2,842,739)**
Cash flows from financing activities			
Proceeds from issue of shares		10,000,000	8,901,550
Payment for share issue costs	17	(340,978)	(39,908)
Net cash provided by financing activities		**9,659,022**	**8,861,642**
Net increase in cash and cash equivalents		5,143,975	4,226,314
Cash and cash equivalents at the beginning of the financial year		6,080,274	1,853,960
Cash and cash equivalents at the end of the financial year		**11,224,249**	**6,080,274**

Notes to the financial statements are included on pages 35 to 59.

Consolidated statement of changes in equity for the financial year ended 31 December 2012

		Fully paid ordinary shares	Foreign currency translation reserve	Share treasury reserve	Equity reserve	Equity settled employee benefits reserve	Available for sale reserve	Accumulated Losses	Total
		$	$	$	$	$	$	$	$
Balance at 1 January 2011		14,845,380	(216,895)	(48,000)	(182,514)	-	-	(5,139,833)	9,258,138
Loss for the year	19	-	-	-	-	-	-	(2,008,619)	**(2,008,619)**
Foreign currency translation differences	18	-	(174,946)	-	-	-	-	-	**(174,946)**
Total comprehensive loss for the year		-	(174,946)	-	-	-	-	(2,008,619)	**(2,183,565)**
23,997,202 shares issued during the year	17	13,338,980	-	-	-	-	-	-	**13,338,980**
Transaction costs relating to shares issued	17	(39,908)	-	-	-	-	-	-	**(39,908)**
Recognition of share based expense		-	-	-	-	88,811	-	-	**88,811**
Sub-total		13,299,072	(174,946)	-	-	88,811	-	(2,008,619)	**11,204,318**
Balance at 31 December 2011		**28,144,452**	**(391,841)**	**(48,000)**	**(182,514)**	**88,811**	**-**	**(7,148,452)**	**20,462,456**
Balance at 1 January 2012		28,144,452	(391,841)	(48,000)	(182,514)	88,811	-	(7,148,452)	20,462,456
Changes									
Loss for the year	19	-	-	-	-	-	-	(2,937,940)	(2,937,940)
Foreign currency translation difference	18	-	88,829	-	-	-	-	-	88,829
Total comprehensive loss for the year		-	88,829	-	-	-	-	(2,937,940)	(2,849,111)
11,477,414 shares issued during the year	17	10,941,286	-	-	-	(29,686)	-	-	10,911,600
Transaction costs relating to shares issued	17	(340,978)	-	-	-	-	-	-	(340,978)
Recognition of share based expense	26	-	-	-	-	35,396	-	-	35,396
Sub-total		10,600,308	88,829	-	-	5,710	-	(2,937,940)	**7,756,907**
Balance at 31 December 2012		**38,744,760**	**(303,012)**	(48,000)	(182,514)	94,521	-	**(10,086,392)**	**28,219,363**

Notes to the financial statements are included on pages 35 to 59.

1. General information

iProperty Group Limited (the Company) is a public company listed on the ASX and incorporated in Australia.

iProperty Group Limited's registered office and its principal place of business are as follows:

Registered office
Level 3
70 Pitt Street
Sydney NSW 2001
Australia

Principal place of business
Level 8, Gardens North Tower
Mid Valley City 59200
Kuala Lumpur
Malaysia

The financial statements relate to the consolidated entity consisting of iProperty Group Limited and its subsidiaries. Separate financial statements for iProperty Group Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for iProperty Group Limited as an individual entity is included in note 25. The Group is a for-profit entity and primarily focused on developing and operating internet-based real estate property portals in markets across Asia.

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

2. Statement of significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 26 February 2013**.**

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for available for sale investments which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

Earnings before interest, income tax expense, depreciation and amortisation (EBITDA) reflects the net profit for the year prior to including the effect of interest, income taxes, depreciation and amortisation. Depreciation and amortisation are calculated in accordance with AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets and interest is calculated in accordance with AASB 139 Financial Instruments: Recognition and Measurement respectively.

Management uses EBITDA and earnings before interest and income tax expense (EBIT), in combination with other financial measures, primarily to evaluate the Company's operating performance before financing costs, income tax and non cash capital related expenses. Additionally we believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key measure of operating performance.

The accounting policies set out below have been consistently applied to all years, although certain comparative amounts have been reclassified to conform with the current year's presentation.

New and revised Accounting Standards

The Group has adopted the following new and amended Australian Accounting Standards in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements.

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.
- AASB 2011-5 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation'
- AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

A number of new standards, amendments to existing standards and interpretations are applicable to reporting periods commencing after 1 January 2013 and have not been applied in preparing these consolidated financial statements. None of these changes are expected to have a significant impact on the results of the Group.

2. Significant accounting policies (cont'd)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of iProperty Group Limited, the Company, and its subsidiaries (referred to as the "Group" in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of subsidiaries is contained in note 23 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to effective date of disposal, as appropriate.

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income over the period of the borrowing using the effective interest rate method. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

• deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

• liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and

• assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(d) Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Significant accounting policies (cont'd)

(e) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Amounts expected to be paid under short term incentive plans are recognised if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by employees.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting.

Defined contribution plans

Obligations for contributions to defined benefit plans are recognised as an employment expense in the income statement in the period during which the services are rendered by employees.

(f) Financial assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' investments, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At the balance date the following categories of financial assets were held:

Available for sale investments

The Group's only available for sale investments are equity investments. After initial measurement, available for sale investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for sale reserve until the investment is disposed of, at which time the cumulative gain or loss is recognised in Other Income. Alternatively if the investment is considered to be impaired then the cumulative loss is reclassified from the available for sale reserve to the income statement.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets carried at cost

Financial assets carried at cost are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.
The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownerships of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of transferred financial assets, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(g) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issued costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. The Group has no financial liabilities at fair value through profit or loss.

2. Significant accounting policies (cont'd)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(h) Foreign currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of iProperty Group Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to AIFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to AIFRS is treated as an Australian dollar denominated asset.

(i) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Significant accounting policies (cont'd)

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(k) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(l) Intangible assets

Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

2. Significant accounting policies (cont'd)

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Acquired Software
Software is not considered to have an indefinite life and is generally amortised over 3 - 5 years. If at any point the software is no longer is in use or contributing to add value it will be written down to zero.

(m) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated using either straight line or diminishing value based on the assess appropriateness of each method for each entity within the Company. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	*Years of Useful Life*
Plant & equipment	2 - 5 years
Furniture & fittings	3 - 5 years
Leased plant and equipment	3 - 8 years

2. Significant accounting policies (cont'd)

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised where the contract outcome can be estimated reliably and control of the right to be compensated for their service and the stage of completion can be reliably measured. Advance billings are deferred and released in the appropriate period when the service is delivered. Prepayments are capitalised and released in the appropriate period when service is delivered.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is recognised as interest accrues using the effective interest rate method.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The preparation of the financial report required the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was $14,544,288 (2011: $15,617,599). Impairment losses have not been recognised in the current financial year (2011: Nil). Details are provided in note 14.

Allowance for doubtful debts

A provision for doubtful debts has been provided for estimated irrecoverable trade receivables past the average credit period. This provision is determined by reference to past default experience and any change in quality of trade receivables. In most instances amounts greater than 120 days are provided for as well as those amounts less than 120 days that have some uncertainty as to their collectability.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Share based payment transactions
The Group measures the cost of equity settled transactions with employees and other parties based on the fair value of the equity provided at the time of exchange. Where this is with an external party this is generally based on an appropriately time framed Volume Weighted Average Price (VWAP) of iProperty shares traded on the ASX at the time of settlement. Where it is with employees in relation to performance payments in the future, the fair value is estimated based on an estimation of the probability of all performance criteria being met. This value is then used to discount the current value of the equity to determine an appropriate amount to be expensed each period until the vesting date. This estimate will have no impact on the carrying amount of the assets or liabilities of the Company but may impact the value of expenses and equity in the current and future periods. Any variance in the possible amounts is not considered by the Board to be material.

4. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is focused on the geographical regions for residential properties as well as one commercial operating segment across the region. The Company operates in only one business segment which is the online advertising segment. The Company's reportable segments under AASB 8 are as follows:

- Malaysia
- Singapore
- Hong Kong
- Indonesia
- Commercial
- Corporate and head office

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment revenues and results

The following is an analysis of the Company's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment results	
	2012 $	2011 $	2012 $	2011 $
Malaysia	9,562,210	7,403,404	3,444,659	3,212,466
Singapore	2,862,153	3,124,747	(1,717,956)	(1,892,343)
Hong Kong	1,695,711	1,202,497	(799,842)	(894,850)
Indonesia	868,466	234,754	(1,166,581)	(415,080)
Commercial	472,504	-	(930,520)	-
Corporate and head office	394,720	204,016	(3,805,099)	(2,001,735)
Other revenue	2,181,179	-	2,181,179	-
Profit before tax			(2,794,160)	(1,991,542)
Income tax benefit/(expense)			(143,780)	(17,077)
Consolidated segment revenue and profit for the period	18,036,943	12,169,418	(2,937,940)	(2,008,619)

All revenue is generated from external customers. No single customer contributes 10% or more to the Group's revenue for 2012 or 2011.

Corporate and head office results includes an amount of $736,267 relates to terminated acquisition costs during the year.

4. Segment information (cont'd)

Segment assets and liabilities

	Segment assets	
	2012 **$**	**2011** **$**
Malaysia	7,079,467	6,802,903
Singapore	8,189,494	5,182,876
Hong Kong	2,442,666	1,946,143
Indonesia	4,296,437	5,348,327
Commercial	42,919	189,744
Corporate and head office	11,370,192	6,310,003
Other	24,391	24,391
Total segment assets	33,445,566	25,804,387
Consolidated total assets	33,445,566	25,804,387

	Segment liabilities	
	2012 **$**	**2011** **$**
Malaysia	2,077,490	1,864,482
Singapore	1,203,830	1,815,575
Hong Kong	803,462	615,390
Indonesia	573,909	346,682
Commercial	112,028	-
Corporate and head office	455,484	699,802
Other	-	-
Total segment liabilities	5,226,203	5,341,931
Consolidated total liabilities	5,226,203	5,341,931

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than interests in associates, 'other financial assets' and current and deferred tax assets. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings, 'other financial liabilities', current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

In the current year the Group has presented the goodwill from acquisitions to the individual countries to which the transactions relate on the basis that this provides a truer reflection of the total assets of each segment. Previously all goodwill was allocated to Singapore on the basis that the Singapore holding company, iProperty Group Asia Ltd, performed the acquisitions and thus carried the goodwill. Corporate and head office costs have also been updated to reflect centrally managed IT costs. Comparative balances have been restated for consistency.

5. Loss for the year from continuing operations

Loss for the year from continuing operations has been arrived at after charging/(crediting):

	Consolidated	
	2012 **$**	**2011** **$**
Employee benefits expense		
Salaries and wages	8,136,038	5,465,847
Superannuation and pension related	664,549	466,316
Commissions paid	945,505	720,234
Other employment benefits	1,640,226	1,273,078
Termination benefits	-	-
	11,386,318	7,925,475
Share-based payments		
Equity-settled share-based payments	242,266	460,947
Cash-settled share-based payments		-
Total employee benefits expense	**11,628,584**	**8,386,422**

5. Loss for the year from continuing operations (cont'd)

	Consolidated 2012 $	Consolidated 2011 $
Finance costs		
Interest expense	**(106)**	**(9,836)**

6. Income taxes

Income tax recognised in profit or loss

	Consolidated 2012 $	Consolidated 2011 $
Current tax		
Current tax expense/(benefit) in respect of the current year	154,362	-
Under/(over) provision of prior year tax	(10,582)	17,077
	143,780	17,077
Deferred tax		
Deferred tax expense recognised in the current year	-	-
	-	-
Total income tax expense/(benefit) recognised in the current year	**143,780**	**17,077**

The income tax expense for the year can be reconciled to the accounting loss as follows:-

	2012	2011
Loss before tax from operations	(2,794,160)	(1,991,542)
Income tax expense calculated at 30% (2011: 30%)	(838,248)	(597,463)
Effect of different tax rates of subsidiaries operating in other jurisdictions	376,626	368,445
Tax effect of:		
Temporary differences – accruals and provisions	44,384	197,509
(Under)/over provision in prior years	10,582	(17,077)
Deductible costs relating to share issue expenses	(21,545)	(88,412)
Utilisation of previously unrecognised tax losses	(129,991)	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	701,972	154,075
	143,780	**17,077**

Unrecognised deferred tax assets

Share issue costs
A deferred tax asset has not been recognised in relation to deferred share issue costs (which have been recognised directly into share capital) because, in the opinion of the Directors, it is not probable that sufficient taxable income will be generated to utilise the future deductions.

Carry forward losses
A deferred tax asset has not been recognised in relation to the carry forward taxation losses because, in the opinion of the Directors, it is not probable that sufficient Australia sourced taxable income will be generated to utilise the losses.

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax assets not brought to account as an asset

	2012	2011
Tax losses – Revenue	1,623,260	1,051,279
Tax losses – Capital	67,990	67,990
Share issue costs deferred	404,758	383,563
	2,096,008	**1,502,832**

7. Earnings Per Share

	Consolidated	
	2012 Cents per share	2011 Cents per share
Basic loss per share	(1.67)	(1.27)
Diluted loss per share	(1.67)	(1.27)

The loss and weighted average number of ordinary shares used in the calculation of both basic earnings per share and diluted earnings per share are as follows:

	2012 $	2011 $
Loss used in the calculation of basic EPS from continuing operations	**(2,937,940)**	**(2,008,619)**

	2012 No.	2011 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	**175,600,887**	**158,332,068**

There are no potential ordinary shares that are considered not dilutive as they do not meet the requirements for inclusion as per AASB 133 earnings per share. The rights were non dilutive as the consolidated entity generated a loss during the year.

8. Cash and cash equivalents

	Consolidated	
	2012 $	2011 $
Cash at bank	1,724,249	651,918
Term deposits	9,500,000	5,428,356
Cash and cash equivalents	**11,224,249**	**6,080,274**

9. Trade and other receivables

	Consolidated	
	2012 $	2011 $
Trade receivables	2,199,851	1,737,673
Less provision for doubtful debts	(152,681)	(152,353)
	2,047,170	1,585,320
Other	222,599	281,881
Total trade and other receivables	**2,269,769**	**1,867,201**

The average credit period on rendering of services is 30 days for direct client billings and 90 days for agency billings. The Group does not charge interest on trade receivables for amounts owing past the due date neither does it hold collateral over these balances. A provision for doubtful debts has been provided for estimated irrecoverable trade receivables past credit period determined by reference to past default experience and the change in quality of trade receivables.

Age of trade receivables that are past due but not impaired:-		
31-60 days	675,565	397,881
61-90 days	323,664	177,050
91 plus days	568,773	284,876
Total	**1,568,002**	**859,807**

Movement in the provision for doubtful debts:		
Balance at the beginning of the year	(152,353)	(279,972)
Bad debts recognized during the year	(4,342)	-
Doubtful debts allowance recognised during the year	-	-
Impairment losses reversed	4,014	127,619
Balance at the end of the year	**(152,681)**	**(152,353)**

9. Trade and other receivables (cont'd)

Age of impaired trade receivables:-

	Consolidated	
	2012 $	**2011 $**
31-60 days	-	-
61-90 days	-	-
91 plus days	152,681	152,353
Total	**152,681**	**152,353**

10. Other assets

	Consolidated	
	2012 $	**2011 $**
Deposits and prepayments	**642,348**	**625,715**

11. Available for sale investments

	Consolidated	
	2012 $	**2011 $**
Investment in iCar Limited	**2,000,000**	**-**

12. Plant and equipment

	Consolidated	
	2012 $	**2011 $**
Plant and equipment		
At cost	994,844	729,832
Less: Accumulated depreciation	(721,514)	(480,328)
	273,330	249,504
Furniture and fittings		
At cost	218,937	142,035
Less: Accumulated depreciation	(121,548)	(87,294)
	97,389	54,741
Leasehold improvements		
At cost	387,075	235,325
Less: Accumulated depreciation	(147,699)	(101,278)
	239,376	134,047
Total plant and equipment	**610,095**	**438,292**

12. Plant and equipment (cont'd)

Movement in carrying amounts

Movement in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year are set out below:

	Consolidated			
	Plant and equipment $	Furniture and fittings $	Leasehold improvements $	Total $
Balance at 1 January 2011	179,722	31,278	60,863	271,863
Additions	175,081	33,733	105,014	313,828
Disposals	-	-	(2,963)	(2,963)
Acquisitions through business combinations	20,843	3,639	9,457	33,939
Depreciation	(129,016)	(15,397)	(38,532)	(182,945)
Net foreign currency exchange differences	2,874	1,488	208	4,570
Balance at 31 December 2011	249,504	54,741	134,047	438,292
Balance at 1 January 2012	249,504	54,741	134,047	438,292
Additions	192,771	72,944	157,270	422,985
Disposals	-	-	-	-
Acquisitions through business combinations	-	356	-	356
Depreciation	(175,154)	(30,672)	(52,966)	(258,792)
Net foreign currency exchange differences	6,209	20	1,025	7,254
Balance at 31 December 2012	273,330	97,389	239,376	610,095

13. Intangible assets

	Consolidated	
	2012 $	2011 $
iProperty.com Domain	302,070	302,070
SG House Domain & Website	183,206	183,206
iProperty-Group.com Domain	15,000	15,000
Rumahdanproperti.com Domain & Website	500,000	500,000
Rumah123.com Domain & Website	639,646	-
Vproperty.com Domain & Website	6,604	-
External Web Development Capitalised	91,864	21,237
Software	286,109	35,877
Licence	22,082	-
Other	108,236	106,762
	2,154,817	**1,164,152**

Websites, domain names, trademarks and other intangibles		
Balance at the beginning of the financial year	1,164,152	592,038
Amortisation	(39,761)	(3,200)
Transfer from Goodwill	639,646	-
Amounts de-recognised on sale of business	397,022	-
Other	(6,242)	575,314
Total intangible assets	**2,154,817**	**1,164,152**

Websites and domain names are considered to have indefinite lives and are assessed for impairment on an annual basis. Indefinite life intangibles are allocated to the cash-generating units for which they relate. No impairment was considered necessary. Software is amortised evenly over 5 years.

14. Goodwill

	Consolidated 2012 $	2011 $
Info Tools Pte Ltd (Singapore)	3,892,728	3,892,728
iProperty Singapore	74,074	-
GoHome H.K. Co. Limited (Hong Kong)	1,713,838	1,713,838
iProperty.com Events Sdn Bhd (Malaysia)	2,554,349	2,554,349
Think Media Sdn Bhd (Malaysia)	2,083,966	2,083,966
PT Web Marketing Indonesia	3,894,820	5,348,327
Big Sea International Ltd (Macau)	306,122	-
Other	24,391	24,391
	14,544,288	**15,617,599**
Cost		
Balance at the beginning of the year	15,617,599	10,387,429
Additional amounts recognised from business combinations occurring during the year (Note 22)	306,122	5,348,327
iProperty Singapore	74,074	-
Transfer to Intangible Assets	(639,646)	-
Amounts de-recognised on sale of business	(813,861)	-
Other	-	(118,157)
Balance at the end of the year	**14,544,288**	**15,617,599**

The recoverable amount of the cash-generating units are determined based on a value in use calculation which uses cash flow projections based on the financial budgets approved by management for the 2013 financial year. The budget is then extrapolated for a further four years at projected growth rates for both revenue and costs which management consider are appropriate for the markets the CGU's operate, to which a discount rate is applied. Given the sensitivity of growth rates for both revenue and expenses due to stage of where Group and the markets for which the Group operates are at, a range of possible scenarios are modelled to assess the carrying value of goodwill for impairment.

Management have determined the appropriate discount rate applied based on the risk free rate plus a risk margin appropriate for the market the CGU operates in. This is as follows:

Malaysia	12.4% (2011: 13.5%)
Singapore	12.0% (2011: 13.5%)
Hong Kong	13.8% (2011: 13.5%)
Indonesia	21.0% (2011: 15.5%)

Other scenarios have been modelled at possible higher discount rates and none of these scenarios indicate impairment. Similarly a range of terminal value growths rates (from 3% - 8% depending on the market) have been used in these calculations, with none of these inputs indicating impairment in any CGU.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregated carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Management annually reviews the carrying amount of goodwill and intangible assets to determine whether there is any indication that goodwill or intangible assets have been impaired. The discount cash flow method of measurement was used to estimate the recoverable amount of those assets. The recoverable amount using the stated method of calculation was greater than the carrying value of the stated assets and accordingly there was no impairment. For details of acquisitions from business combinations refer to note 22.

15. Trade and other payables

	Consolidated 2012 $	2011 $
Trade payables	1,052,418	736,204
Sundry payables and accrued expenses	884,719	869,735
Billings in advance	2,258,272	1,885,081
GST payable	192,422	148,970
Accrued acquisition costs (i)	-	794,400
	4,387,831	**4,434,390**

15. Trade and other payables (cont'd)

The average credit period on purchases normally 30 – 60 days. No interest is payable on trade payables.
The Group has financial risk management in place to ensure that all payables are paid within the credit time frame.

(i) The accrued acquisition costs relate to future earn out provisions in relation to the acquisition of the domain rumahdanproperti.com ($200,000 cash) and the company PT Web Marketing Indonesia (1 million iProperty Group Limited Shares which had a fair value at the time of acquisition of 59.44 cents each). The payments have certain performance criteria and warranty provisions that need to be met for the payments and share issues to be made. All amounts are due within 12 months of balance date.

16. Provisions

	Consolidated	
	2012 $	2011 $
Current		
Employee entitlements		
Opening balance	131,484	72,441
Amounts charged	2,952	59,043
Payments made	-	-
Closing balance	134,436	131,484
Staff incentives and bonuses	395,770	776,057
Other amounts	277,318	-
	807,524	**907,541**
Number of employees	332	262

17. Issued capital

	Consolidated	
	2012 $	2011 $
181,005,190 fully paid ordinary shares (2011: 169,527,776)	**38,744,760**	**28,144,452**

Changes to the then Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998.

	2012		2011	
Fully paid ordinary shares	**No.**	**$**	**No.**	**$**
Balance at beginning of financial year	169,527,776	28,144,452	145,530,574	14,845,380
Issue of shares	11,477,414	10,941,286	23,997,202	13,338,980
Share issue costs	-	(340,978)	-	(39,908)
Balance at end of financial year	**181,005,190**	**38,744,760**	**169,527,776**	**28,144,452**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called. Otherwise each shareholder has one vote on show of hands.

Rights to ordinary shares granted to employees carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in note 26 to the financial statements and in the Directors' Report.

18. Reserves

	Consolidated	
Reserves	2012 $	2011 $
Equity reserve	(182,514)	(182,514)
Treasury reserve	(48,000)	(48,000)
Equity settled employee benefits reserve	94,521	88,811
Foreign currency translation reserve	(303,012)	(391,841)
Available for sale reserve	-	-
	(439,005)	**(533,544)**

18. Reserves (cont'd)

	Consolidated	
	2012 $	2011 $
Equity reserve		
Balance at beginning of financial year	(182,514)	(182,514)
Equity reserve resulting from increase in interest in controlled entity	-	-
Balance at end of financial year	**(182,514)**	**(182,514)**
Treasury reserve		
Balance at beginning of financial year	(48,000)	(48,000)
Movement of shares owned in iProperty Group Limited by employee share plan	-	-
Balance at end of financial year	**(48,000)**	**(48,000)**
Equity settled employee benefits reserve		
Balance at beginning of financial year	88,811	-
Shares issued during the year	(29,686)	-
Recognition of rights expense	35,396	88,811
Balance at end of financial year	**94,521**	**88,811**
Foreign currency translation reserve		
Balance at beginning of financial year	(391,841)	(216,895)
Exchange differences arising on translating the foreign operations	88,829	(174,946)
Balance at end of financial year	**(303,012)**	**(391,841)**
Available for sale reserve		
Balance at beginning of financial year	-	-
Recognition during the year	-	-
Balance at end of financial year	**-**	**-**

Exchange differences relating to the translation of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

19. Accumulated losses

	Consolidated	
	2012 $	2011 $
Balance at beginning of financial year	(7,148,452)	(5,139,833)
Loss attributable to members of the parent entity	(2,937,940)	(2,008,619)
Balance at end of financial year	**(10,086,392)**	**(7,148,452)**

20. Contingent liabilities and contingent assets

There are various claims that arise in the ordinary course of business against the iProperty Group Limited and its subsidiaries. The amount of any additional liability (if any) at 31 December 2012 cannot be ascertained and iProperty Group Limited believes that any resulting liability would not materially affect the position of the Group.

21. Capital and leasing commitments

Finance lease commitments

The consolidated entity does not have any finance leases.

Non cancellable operating lease commitments

Non cancellable operating leases contracted but not capitalised in the financial statements.

21. Capital and leasing commitments (cont'd)

	Consolidated 2012 $	Consolidated 2011 $
Not longer than 1 year	628,684	290,567
Longer than 1 year and not longer than 5 years	539,301	254,435
Longer than 5 years	-	-
	1,167,985	545,002

Operating lease commitments relate to premises occupied by the Group with lease terms currently still available of less than 3 years. The Group does not have an option to purchase the premises at the expiry of the lease period.

22. Business combinations

Name of business acquired	Principal activity	Date of acquisition	Percentage of shares acquired %	Cost of acquisition $
Acquisitions in 2012				
Vproperty Pte Ltd	Operator of online property portal (vproperty.com)	18 May 2012	100	**308,939**
Acquisitions in 2011				
PT Web Marketing Indonesia	Operator of online property portal (Rumah 123.com)	2 August 2011	100	**5,160,800**

Acquisition of PT Web Marketing Indonesia (Rumah 123.com)
On 27 May 2011, the Group entered into an agreement to acquire 100% of PT Web Marketing and the deal completed 2 August 2011. The purchase consideration was $1,000,000 in cash and 7,000,000 iProperty Group Limited shares, the consideration totaling $5,160,800. The accounting for this acquisition was finalised during 2012 and websites and domain names valued at $1,036,668 have been separately recognised, which has reduced goodwill by the same amount.

PT Web Marketing is the operator of the websites www.Rumah123.com and www.Mobil123.com amongst others. Rumah123.com is the leading real estate portal in Indonesia. The Company was acquired with the objective of expanding its operations into the highly attractive Indonesian market.

Purchase Consideration	$
Cash	1,000,000
6,000,000 shares on completion	3,566,400
1,000,000 shares to be issued in August 2012 subject to contractual obligation	594,400
Total consideration	**5,160,800**

Allocation of the Purchase Consideration	
Current Assets	
Cash and cash equivalents	17,244
Trade Receivables	39,156
Other Current Assets	38,126
Non Current Assets	
Plant & Equipment	33,939
Websites and domain names	1,036,668
Goodwill	4,311,659
Current Liabilities	
Trade and Other Payables	(55,753)
Billings in Advance	(146,194)
Other Current Liabilities	(114,045)
Net Assets	**5,160,800**

Goodwill arose in the acquisition of PT Web Marketing because the cost of the combination included a control premium. In addition, the consideration paid for the combination is based on the expected benefit of synergies, revenue growth, and future market development of PT Web Marketing.

22. Business combinations (cont'd)

Acquisition of Big Sea International Limited (including vproperty.com)

On 7 May 2012, the Group entered into an agreement to acquire 100% of Big Sea International Limited and the deal completed 18 May 2012. The purchase consideration was USD 300,000 (AUD 308,939) in cash. Big Sea International Limited owns 100% of Vproperty Limited the owner and operator of websites www.vproperty.com and www.vproperty.mo amongst others. The company was acquired with the objective of expanding its operations into the Macau market.

At the date of the financial report, the necessary market valuations and other calculations have not been finalized and therefore the correct fair values of goodwill and other assets and liabilities have been determined on a provisional basis and will be finalized within 12 months of the acquisition date. Accordingly the excess of the purchase consideration over the identifiable net assets acquired has been treated as goodwill at balance date on a provisional basis. Goodwill is attributable to revenue growth and cost synergies resulting from expected future growth of the market in Macau.

Purchase Consideration	$
Cash	308,939
Total consideration	**308,939**
Provisional Allocation of the Purchase Consideration	
Total Assets excluding goodwill	4,482
Provisional Goodwill	306,122
Total Assets	**310,604**
Total Liabilities	(1,665)
Net Assets	**308,939**
Net cash outflow on acquisition	
Consideration paid in cash	308,939
Less: cash and cash equivalents acquired	140
Net cash flow on acquisition	**308,799**

Impact of acquisitions on the results of the Group

Included in the loss for the year is $71,483 attributable to the additional business generated by Big Sea International Limited. Revenue for the year includes $41,099 in respect of Big Sea International Limited. The Directors do not consider it practical to estimate what the consolidated revenue and profit for the year ended 31 December 2012 would have been if the acquisition had occurred on 1 January 2012.

23. Controlled entities

		Proportion of owners interest and voting power held by the Group	
	Country of incorporation	2012 %	2011 %
Parent entity			
iProperty Group Limited			
Subsidiaries of iProperty Group Limited			
iProperty.com Pty Ltd	Australia	100	100
IPGA Share Plan Pty Ltd	Australia	100	100
iProperty Group Asia Pte Ltd	Singapore	100	100
Subsidiaries of Iproperty Group Asia Pte Ltd			
Iproperty.com Singapore Pte Ltd	Singapore	100	100
Info-Tools Pte Ltd	Singapore	100	100
Gohome H.K.Co. Limited	Hong Kong	100	100
Finance18.com Limited	Hong Kong	100	100
House18 Service Limited	Hong Kong	100	100
Iproperty.com Malaysia Sdn Bhd	Malaysia	100	100
Iproperty.com Events Sdn Bhd	Malaysia	100	100
Think Media Sdn Bhd	Malaysia	100	100
PT Web Marketing Indonesia	Indonesia	100	100
IPGA Management Services Sdn Bhd	Malaysia	100	100
Big Sea International Limited	Macau	100	-
Vproperty Pte Ltd	Macau	100	-

24. Related party transactions

(a) Equity interests in subsidiaries

iProperty Group Limited owns 100% of ordinary shares in all its subsidiaries (refer to note 23).

(b) Transactions with key management personnel

There were no transactions or loans between the Company and key management personnel other than those disclosed below in related party transactions.

(c) Key management and Directors equity holdings

The following shares are either held directly or via an associated party.

Fully paid ordinary shares of IProperty Group Limited

	Balance at 1 January 2012 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 31 December 2012 No.	Shares not yet issued*
2012						
Directors						
Patrick Grove**	41,018,631	38,850	-	31,080	41,088,561	39,695
Simon Baker	11,487,718	46,620	-	515,323	12,049,661	47,634
Hugh Morrow	410,494	31,080	-	-	441,574	31,756
Samuel Weiss	516,858	31,080	-	-	547,938	31,756
Lucas Elliott**	41,009,176	31,080	-	38,850	41,079,106	31,756
Georg Chmiel	30,819	31,080	-	-	61,899	31,756
Roland Tripard***	29,347,500	7,770	-	1,902,736	31,258,006	7,939
Executives						
Shaun Di Gregorio	3,179,012	106,555	-	20,000	3,305,567	-
Rod Brandenburg	937,777	27,971	-	(65,000)	900,748	-
Rob Goss	-	-	-	-	-	-
Paul Whiteway	-	-	-	-	-	-

*These shares have not yet been issued to Non-Executive Directors, however the cost of these has been included in Non-Executive Director remuneration.
** Mr Grove and Mr Elliott are shareholders in Catcha Group Pte Ltd which owns 41,079,106 shares in iProperty Group Limited.
*** Mr Tripard is the CEO of and represents Seloger.com which owns 31,258,006 shares in iProperty Group Limited. Seloger.com is owned by the Axel Springer Group in Germany.

	Balance at 1 January 2011 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 31 December 2011 No.	Shares not yet issued*
2011						
Directors						
Patrick Grove**	52,807,253	112,192	-	(11,910,269)	41,018,631	38,850
Simon Baker	11,328,631	159,087	-	-	11,487,718	46,620
Hugh Morrow	271,819	138,675	-	-	410,494	31,080
Samuel Weiss	378,183	138,675	-	-	516,858	31,080
Lucas Elliott**	52,807,253	89,731	-	(11,887,808)	41,009,176	31,080
Georg Chmiel	30,819	-	-	-	30,819	31,080
Roland Tripard***	-	-	-	29,347,500	29,347,500	7,770
Executives						
Shaun Di Gregorio	2,360,519	818,493	-	-	3,179,012	-
Rod Brandenburg	850,000	61,777	-	26,000	937,777	-
Andy Kelk	11,448	-	-	477	11,925	-
Glenn Thompson	-	-	-	24,000	24,000	-
Timothy Hor	-	-	-	-	-	-
Nick Geddes						

*These shares have not yet been issued to Non-Executive Directors, however the cost of these has been included in Non-Executive Director remuneration.
** Mr Grove and Mr Elliott are shareholders in Catcha Group Pte Ltd which owns 41,009,176 shares in iProperty Group Limited.
*** Mr Tripard is the CEO of and represents Seloger.com which owns 29,347,500 shares in iProperty Group Limited. Seloger.com is owned by the Axel Springer Group in Germany.

24. Related party transactions (cont'd)

Share Rights of IProperty Group Limited

Issued 2011	Balance at 31 December 2010 No.	Granted as compensation No.	Exercised No.	Balance at 31 December 2011 No.	Vested but not exercise-sable No.	Vested and exercisable No.	Options vested during year No.
2010 Plan							
Shaun Di Gregorio	-	595,437	-	595,437	595,437	-	-
Rod Brandenburg	-	125,328	-	*125,328	125,328	-	-
2011 Plan							
Shaun Di Gregorio	-	244,200	-	244,200	244,200	-	-
Rod Brandenburg	-	128,205	-	*128,205	128,205	-	-
Andy Kelk	-	61,050	-	61,050	61,050	-	-
Glenn Thompson	-	67,155	-	67,155	67,155	-	-
Timothy Hor	-	48,841	-	48,841	48,841	-	-

*Represents the balance of Rod Brandenburg at the date of his resignation: 9 November 2012. On 22 November 2012 the service condition on the 2010 LTI Plan was varied by the Board and Rod Brandenburg was issued with a further 125,328 shares. The rights related to the 2011 Plan were forefeited.

There were no share options issued during the year. All share rights issued to key management personnel were made in accordance with the provisions of the employee share rights plan. All rights were issued in 2011, there were no rights issued in 2012. The rights relating to the 2010 plan were issued in February 2011 and those relating to the 2011 plan were issued in July 2011.

(d) Transactions with other related parties

Sale of Mobil123.com car portal

On 5 September 2012 the iProperty Group Limited sold the domain and website of its Indonesian car portal Mobil123.com and all associated assets to iCar Asia Pte Ltd for $3,000,000. The Catcha Group is the majority shareholder in iCar Asia Limited which is the ultimate parent entity of iCar Asia Pte Ltd. The transaction was undertaken on an arm's length basis.

The consideration for the sale was made up of $1,000,000 in cash and $2,000,000 in shares being 10,000,000 shares at $0.20 per share in iCar Asia Limited, which listed on the Australian Stock Exchange on 11 September 2012. The Group recorded a gain on disposal of the asset of $2,181,179 which is disclosed as other income in the income statement.

The disposal is considered a related party event given that Patrick Grove and Lucas Elliot are both directors of the iProperty Group Limited, iCar Asia Limited and the Catcha Group. Shaun Di Gregorio was also appointed a director of iCar Asia Limited.

Other transactions between IProperty Group Limited and its related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The terms of these transactions are set out below.

	Consolidated 2012 $	Consolidated 2011 $
Payments to related parties		
Consulting services were charged by Classified Adventures Pty Ltd, a company associated with Simon Baker to the Group. The outstanding unpaid balance was nil at 31 December 2011 and on 24 September 2012 (the date that Simon Baker ceased to be a related party) only $2,500 was unpaid representing the September invoice.	7,500	7,300
	7,500	7,300
Receipts from related parties		
Listing services fees were charged by the Group to LJ Hooker Franchising Ltd, a company associated with Georg Chmiel. The outstanding unpaid balance at 31 December 2012 was $5,000.	15,000	-
	15,000	-
Share transactions of Directors		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:		
- Ordinary shares	73,397,978	82,812,020

25. Parent entity disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the Group.

	Parent	
	31 December 2012 $	**31 December 2011 $**
Financial position		
Assets		
Current assets	10,656,827	5,890,388
Non-current assets	24,440,807	20,631,892
Total assets	35,097,634	26,522,280
Liabilities		
Current liabilities	-	(211,924)
Non-current liabilities	-	-
Total liabilities	-	(211,924)
Net Assets	**35,097,634**	**26,310,356**
Equity		
Issued capital	38,744,760	28,144,452
Retained earnings	(3,741,647)	(1,922,907)
Reserves		
Equity Reserve	-	-
Share Treasury Reserve	-	-
Equity settled employee benefits reserve	94,521	88,811
Foreign currency revaluation	-	-
Total reserves	94,521	88,811
Total equity	**35,097,634**	**26,310,356**
Financial performance		
Loss of the parent entity	(1,613,917)	(746,533)
Other comprehensive income	-	-
Total comprehensive income	**(1,613,917)**	**(746,533)**

As parent of the Group, iProperty Group Limited had significant intercompany loans with its subsidiaries particularly its immediate subsidiary iProperty Group Asia Pte Ltd in Singapore. In September 2011 iProperty Group Asia Pte Ltd issued Redeemable Preference Shares (RPS) to iProperty Group Limited to the value of SGD 26,726,273 (AUD 20,247,177) in exchange for cancelling the intercompany loan between the two and assigning all other intercompany loans payable to iProperty Group Limited by its subsidiaries to iProperty Group Asia Pte Ltd. There is no net effect on the Group's Assets and Liabillities as all intercompany loans and investments are eliminated on consolidation.

26. Share-based payments

Employee share rights plan

The following executive share-based payment arrangements were in existence during the current and comparative reporting periods:

Options/Rights series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
2010 LTI Rights	720,765	20 February 2011	20 February 2021	Nil	69,556
2011 LTI Rights	655,271	29 July 2011	29 July 2021	Nil	127,320

There were no options issued or exercised during the year ending 31 December 2012 (2011: Nil). There are no outstanding options in iProperty Group Limited Shares. No LTI Rights were issued during 2012.

Amount Included Under Employee Benefits Expense in Statement of Comprehensive Income

There was $35,396 (2011: $88,811) included under employee benefits expense in the statement of comprehensive income that relates, in full, to amortisation of equity-settled share-based transactions.

27. Key Management Personnel Compensation

(a) Details of key management personnel

The Directors and other members of key management personnel of the Group during the year were:

Directors

• Patrick Grove	Non-Executive (Chairman)
• Simon Baker	Non-Executive (resigned 24 September 2012)
• Hugh Morrow	Non-Executive
• Samuel Weiss	Non-Executive
• Lucas Elliott	Non-Executive
• Georg Chmiel	Non-Executive
• Roland Tripard	Non-Executive

Executives

• Shaun Di Gregorio	Chief Executive Officer
• Rod Brandenburg	Chief Financial Officer (resigned 9 November 2012)
• Rob Goss	Chief Financial Officer (appointed 29 October 2012)
• Paul Whiteway	Chief Operating Officer (appointed 3 September 2012)

The 2011 executives balances include Glenn Thompson (Country Manager Singapore), Timothy Hor (Country Manager Malaysia) and Nick Geddes (Company Secretary) who were key management personnel in that year.

(b) Compensation Practices

Refer to the Remuneration Report segment of the Directors' Report.

(c) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated	
	2012	**2011**
	$	**$**
Short-term employee benefits	812,939	1,385,296
Post-employment benefits	14,461	56,369
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	246,467	460,947
	1,073,867	**1,902,612**

There were no share options or tax deferred shares granted during the year ended 31 December 2012 (2011: Nil). 720,765 Rights to ordinary shares were granted as part of the 2010 LTI Plan in February 2011, 655,271 Rights to ordinary shares were granted as part of the 2011 LTI Plan in July 2011 to key senior management. Further information in relation to this and other details of the Directors and senior executives compensation is contained within the remuneration report on pages 13 to 19.

Share based payments

By an agreement between the Company and each of the Non-Executive Directors, the Non-Executive Directors have agreed to provide services to the Company. As detailed in the iProperty prospectus the Non-Executive Directors will be remunerated using a mixture of cash and iProperty shares.

The remuneration of Non-Executive Directors for the year ending 31 December 2012 includes $194,250 (2011: $196,000) in respect of 222,292 shares (2011: 217,560 shares) which have not yet been issued to Non-Executive Directors. The issue of these shares to Non-Executive Directors is subject to the approval of iProperty members at the next Annual General Meeting.

28. Financial risk management

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk analysis by management on a regular basis including exposures by degree and magnitude of risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

28. Financial risk management (cont'd)

The main risk arising from the Group's financial instruments are

- Capital risk
- Interest rate risk
- Foreign currency risk
- Credit risk
- Liquidity risk

(a) Capital risk 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 debt and equity balance.

The Group's overall strategy is to ensure that is holds sufficient capital reserves to fund the expansion of its businesses in emerging markets and fund be able to opportunistically make small bolt-on acquisitions without the need for raising additional capital. The capital structure of the Group includes equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 17, 18 and 19 respectively. The Group operates in various countries, primarily through subsidiary companies established in the markets in which the Group trades.

The Group has sufficient cash reserves and operating cash flows to maintain the Group's current level of operations as well as to make the routine outflows of tax and the payment of any earn outs under contract. The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratios based on continuing operations at 31 December 2012 and 2011 were as follows:

	Consolidated	
	2012 $	**2011 $**
Total borrowings	-	-
Cash and bank balances	11,224,249	6,080,274
Net debt	Nil	Nil
Equity (i)	28,219,363	20,462,457
Net debt to equity ratio	0%	0%

(i) Equity includes all capital and reserves of the Group that are managed as capital.

(b) Interest rate risk management

The Group manages its interest rate risk by ensuring that operations are sustained by operating cash flows as much as possible and so debt facilities are not required. The Group's exposure to interest rate risk is limited to the movement in interest rate in terms of its cash held at bank as listed in note 8.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management of this note.

Interest rate sensitivity

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would increase/decrease by $43,378 (2011: $23,195). This is mainly attributable to the Group's exposure to interest rates on its cash held at bank. The Group earned $395,384 in interest income (2011: $204,416) which is an average return of 4.6% (2011: 4.4%) on its average cash balance for the year.

(c) Foreign currency risk

The Group is mainly exposed to Singapore dollars (SGD), Malaysian Ringgit (MYR), Hong Kong dollars (HKD) and Indonesian Rupiah (IDR) as a result of the operation of its subsidiaries in those markets. Foreign currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entities functional currency, no sensitivity analysis has been prepared.

28. Financial risk management (cont'd)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The Group does not have any derivative financial assets and liabilities.

31 December 2012	Weighted average effective interest rate	1-3 months ($)	3 months to 1 year ($)	1-5 years ($)	5+ years ($)	Total ($)
Financial assets						
Cash and cash equivalents	4.6%	8,224,249	3,000,000	-	-	11,224,249
Trade receivables	0.0%	2,047,170	-	-	-	2,047,170
Other receivables	0.0%	222,599	-	-	-	222,599
		10,494,018	3,000,000	-	-	13,494,018
Financial liabilities						
Trade payables	0.00%	1,052,418	-	-	-	1,052,418
Other payables	0.00%	3,335,413	-	-	-	3,335,413
		4,387,831	-	-	-	4,387,831

31 December 2011	Weighted average effective interest rate	1-3 months ($)	3 months to 1 year ($)	1-5 years ($)	5+ years ($)	Total ($)
Financial assets						
Cash and cash equivalents	4.4%	4,051,918	2,028,356	-	-	6,080,274
Trade receivables	0.0%	1,585,320	-	-	-	1,585,320
Other receivables	0.0%	281,881	-	-	-	281,881
		5,919,119	2,028,356	-	-	7,947,475
Financial liabilities						
Trade payables	0.0%	736,204	-	-	-	736,204
Other payables	0.0%	3,698,186	-	-	-	3,698,186
		4,434,390	-	-	-	4,434,390

29. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand in banks at call as well as including term deposits with a maturity of less than 6 months, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2012 $	2011 $
Cash and cash equivalents	**11,224,249**	**6,080,274**

(b) Reconciliation of loss for the year to net cash flows from operating activities:

	2012 $	2011 $
Cash flows from operating activities		
Loss for the year after income tax	(2,937,940)	(2,008,619)
Non-cash flows in loss from ordinary activities		
Depreciation and amortization	298,553	186,145
Doubtful debt expense	58,076	(23,641)
Profit on sales of business	(2,181,179)	-
Non cash employment costs	334,011	435,065
Exchange differences on translation of foreign operations	144,749	56,296
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(402,240)	(891,320)
(Increase)/decrease in other assets	(16,633)	(201,210)
(Increase)/decrease in current tax asset	11,154	(8,375)
Increase/(decrease) in trade and other payables	531,083	331,790
Increase/decrease) in provisions	(100,017)	331,280
Increase/decrease) in tax liabilities	30,848	-
Net cash generate from/(used in) operating activities	**(4,229,535)**	**(1,792,589)**

30. Auditors' Remuneration

	Consolidated	
	2012 $	2011 $
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	111,641	94,200
Other services	-	-
Total	**111,641**	**94,200**

The auditor of iProperty Group Limited for 2012 is Ernst & Young (2011: Deloitte Touche Tohmatsu).

	2012 $	2011 $
Remuneration of other auditors of the subsidiaries:		
Auditing or reviewing the financial report	57,563	35,658
Other services	-	4,648
Total	**57,563**	**40,306**

31. Subsequent events

On 16 January 2013 the Group announced that it had agreed to acquire Smart Expo, an established operator of property expositions focused on the property developer advertising market. The purchase consideration was approximately $2.85m, with an upfront payment of $1.73m and the balance of the consideration payable over two years based on the achievement of agreed performance targets. The transaction completed on 31 January 2013 and should provide Group with additional revenues of approximately $950,000 and a positive contribution to EBITDA.

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Independent auditor's report to the members of iProperty Group Limited

Report on the financial report

We have audited the accompanying financial report of iProperty Group Limited, which comprises the consolidated statement of financial position as at 31 December 2012, 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.

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.

Ernst & Young

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its
   performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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 pages 13 to 19 of the directors' report for the year ended 31 December 2012. 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 iProperty Group Limited for the year ended 31 December 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David Coy

D. R. McGregor
Partner
Melbourne
26 February 2013

Additional securities exchange information as at 22 March 2013

Number of holders of equity securities

Ordinary share capital

181,005,190 fully paid ordinary shares are held by 1,023 individual shareholders.

All issued ordinary shares carry one vote per share.

Substantial shareholders as at date of last notice to the company

Ordinary shareholders	Fully paid ordinary shares Number	% of total ordinary shares issued %
Catcha Group Pte Ltd	41,088,561	22.84
SeLoger.com	29,347,500	17.3
Acorn Capital Limited	15,256,082	9.07

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
Catcha Group Pte Ltd	41,079,106	22.695
SeLoger.com	31,258,006	17.269
National Nominees Limited	14,232,750	7.863
HSBC Custody Nominees (Australia) Limited	12,233,004	6.758
J P Morgan Nominees Australia Limited	8,615,756	4.760
RBC Dexia Investor Services Australia Nominees Pty Ltd <BKCUST A/C>	5,870,245	3.243
J P Morgan Nominees Australia Limited <Cash Income A/C>	4,203,149	2.322
CAV Investment Holdings Pty Ltd	3,752,164	2.073
Holdex Nominees Pty Ltd ,<No 392 A/C>	3,000,000	1.657
Mr Shaun Antony Di Gregorio	2,305,567	1.274
Ms Christine Vulovic	2,200,000	1.215
Tay Kam Chiew	2,041,541	1.128
Low Yuet Wah	1,826,992	1.009
Mirrabooka Investments Limited	1,700,000	0.939
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,565,003	0.865
STB Holdings Pty Ltd <ST&M Super Fund A/C>	1,548,000	0.855
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,242,238	0.686
BNP Parisbas Noms Pty Ltd <DRP>	1,204,278	0.665
Mr Jia Liang Wong	1,059,076	0.585
HSBC Custody Nominees (Australia) Limited <NT Commonwealth Super Corp A/C>	1,035,141	0.572
Total Top 20	141,972,016	78.435
Total Issued Capital	181,005,190	

Distribution of shareholders

Range	Number of shareholders as at 22 March 2013
1 – 1,000	66
1,001 – 5,000	210
5,001 – 10,000	218
10,001 – 100,000	444
100,001 and over	85
Total Number of holders	1,023
Holders of less than a marketable parcel	33

Corporate Directory

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Australia
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Share Registry

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www.boardroomlimited.com.au

Principal Place of Business

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Mid Valley City 59200
Kuala Lumpur
Malaysia
Tel: +60 (3) 2264 6888
Fax: +60 (3) 2264 6999

Company Secretary

Nick Geddes
Email: ngeddes@austcosec.com.au

The Board

Patrick Grove – Chairman
Georg Chmiel – Audit & Risk Committee (Chair)
Sam Weiss
Roland Tripard
Hugh Morrow – Remuneration & Nomination Committee (Chair)
Lucas Elliott

Chief Executive Officer

Shaun Di Gregorio
Email: shaundig@iproperty.com

Chief Financial Officer

Robert Goss
Email: robert.goss@iproperty.com

Websites

www.iproperty-group.com
www.iproperty.com

Auditors

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141 Thomson Road
Wan Chai, Hong Kong

PT Web Marketing Indonesia
Jalan Warung Jati Raya 36
Ragunan, Pasar Minggu
Jakarta, Indonesia

ASX Listing Code

IPP

Annual General Meeting

iProperty Group Limited's Annual General Meeting will be held at 9.00am MST on Wednesday 24 April 2013 at the Gardens Hotel, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur, Federal Territory of Kuala Lumpur, Malaysia