

iProperty Group Limited

ABN 99 126 188 538

Appendix 4E

Preliminary Financial Report

“Results for announcement to the Market.”

Information for the year ended 31 December 2013 given to ASX under listing rule 4.3A

Key iProperty Group information

Year ended 31 December	2013 \$000	2012 \$000	Change
Revenues from ordinary operations	19,046	15,460	23%
Profit/(Loss) from ordinary activities after tax attributable to members	1,706	(2,938)	158%
Profit/(Loss) after tax attributable to members	1,706	(2,938)	158%
	<u>Cents</u>	<u>Cents</u>	
Profit/(Loss) per Share (basic & diluted)	0.94	(1.67)	156%
NTA per Share	5.52	6.36	(13%)

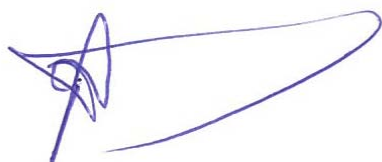
Dividends

iProperty Group Limited does not propose to pay a dividend for this reporting period (2012: nil).

Basis of this report

This report includes the attached audited financial statements of iProperty Group Limited and controlled entities (iProperty) for the year ended 31 December 2013. Together these documents contain all information required by Appendix 4E of the Australian Securities Exchange Listing Rules. It should be read in conjunction with iProperty's Annual Report when released, and is lodged with the Australian Securities Exchange under listing rule 4.3A.

For and on behalf of the Board



Patrick Grove

Chairman

17 February 2014



iProperty Group Limited
ABN 99 126 188 538

**Audited Financial Statements
for the financial year ended
31 December 2013**

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Directors' report

The Directors of iProperty Group Limited submit the annual financial report of the Company and controlled entities for the financial year ended 31 December 2013. 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
Lucas Elliott	Non-Executive Director
Georg Chmiel	Non-Executive Director
Roland Tripard	Non-Executive Director
Nick Geddes	Non-Executive Director (appointed 10 September 2013) and Company Secretary
Samuel Weiss	Non-Executive Director (resigned 10 September 2013)
Hugh Morrow	Non-Executive Director (resigned 10 September 2013)

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)	<p>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, traditional media, new media and technology environments.</p> <p>Mr Grove has built a number of significant media and internet businesses across Asia and has taken four businesses from start up to IPO. He has been independently recognised with numerous international awards, including Business Week's Best Young Asian Entrepreneurs (2008). Until January 2014, Mr Grove was the CEO of Malaysian listed Catcha Media Berhad, and remains 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 both iCar Asia Limited and iBuy Group Limited (both entities are listed on the Australian Securities Exchange).</p> <p>Mr Grove has a Bachelor of Commerce degree with a major in Accounting and Finance from the University of Sydney.</p> <p>Mr Grove is also a member of the Remuneration & Nomination Committee.</p>
Lucas Elliott B. Comm (Non-Executive Director)	<p>Board member since February 2010. Mr Elliott, a founding shareholder and Director of iProperty's majority shareholder, Catcha Group, has over 15 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 and iBuy Group Limited.</p> <p>Mr Elliott has a Bachelor of Commerce degree with a major in Finance from the University of Sydney.</p> <p>Mr Elliott is a member of both the Audit & Risk Committee and the Remuneration & Nomination Committee.</p>
Georg Chmiel Diplom-Informatiker (Computer Science), MBA, CPA (USA), FAICD (Non-Executive Director)	<p>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 and Managing Director of LJ Hooker Ltd, one of the largest real estate groups in Australasia.</p> <p>Mr Chmiel will succeed Mr Di Gregorio as Chief Executive Officer of the iProperty Group in May 2014.</p> <p>Mr Chmiel is the Chairman of the Audit & Risk Committee.</p>

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.

Mr Tripard is Chairman of the Remuneration & Nomination Committee.

Nick Geddes FCA, FCIS
(Non-Executive Director and
Company Secretary)

Board Member since 10 September 2013 and Company Secretary since 15 June 2010. 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. Nick is a Director of iBuy Group Limited and served as a Director of iCar Asia Limited during the period from its IPO in 2012 until 5 June 2013 (both entities are listed on the Australian Stock Exchange). In addition he acts as Company Secretary for a number of ASX listed entities.

Hugh Morrow B. Eng MBA
(Non-Executive Director)

Board member from August 2007 until September 2013. 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.

Samuel Weiss AB MS FAICD
(Non-Executive Director)

Board member from August 2007 until September 2013. Mr Weiss is Chairman of Altium Limited and Open Universities Australia. He is a Non-Executive Director of Orotan 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.

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 14 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.

On 18 December 2013, Mr Di Gregorio announced his resignation, which is likely to take effect in May 2014. Mr Georg Chmiel will succeed Mr Di Gregorio as Chief Executive Officer at this time.

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.

Directors' shareholdings

The following table sets out each director's shareholding as at 31 December 2013, their relevant interest in shares and options in the Company as at that date.

Directors	Fully paid ordinary shares	Share options
	Number	Number
Patrick Grove	41,280,154*	-
Lucas Elliott	41,270,699*	-
Georg Chmiel	90,508	-
Nick Geddes	25,159	-

*Mr Grove and Mr Elliott are significant shareholders in, and represent, Catcha Group Pte Ltd which owns 41,270,699 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 7.

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 (2012: Nil).

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 displayed in the following table and discussed further below.

\$'000s	2013	2012	%
Revenue	19,046	15,460	23
Total Income	24,285	18,037	35
Other operating expenses	(21,988)	(20,532)	7
EBITDA	2,015	(2,891)	170
Net profit/(loss) for the year	1,706	(2,938)	158

At the Group level the following items are notable in understanding the results of the consolidated entity for the 2013 financial year.

- The growth in total income of 35% to \$24.3m was driven by a 23% increase in revenue from services (\$19.0m), together with a gain on sale of the Group's investment in iCar Asia Limited of approximately \$5.0m. Total income in the prior year included a \$2.2m gain on the sale of the Mobil123 car portal in Indonesia to iCar Asia Limited.
- Operating expenditure grew by 7% reflecting an increase in employment costs of 12% and a 20% increase in advertising and marketing expenditure, primarily due to increased expenditure by Rumah123 in Indonesia. Prior year expenditure included approximately \$0.7m of failed transactions costs which were a one-off in 2012.
- The combination of strong revenue growth, tight management of operating expenditure and the one-off gain on the sale of the investment in iCar Asia resulted in the group reporting a positive net profit for the first time amounting to approximately \$1.7m. Similarly the Group also recorded positive EBITDA for the first time of approximately \$2.0m.
- Cash on hand increased by 29% to \$14.5m which was primarily due to the proceeds from sale of the iCar Asia Limited investment net of operating cash outflows during the 2013 financial year.
- The Group completed the acquisition of Smart Expo which was integrated into the Hong Kong business during the second half of the year. This acquisition enabled the Group to stage property expositions in China for the first time and re-introduce this product in Hong Kong.

Review of Operations (cont'd)

Malaysia

- Revenue increased by more than 23% to \$11.8m from \$9.6m in the prior year, on the back of strong period on period growth in the second half of the year.
- The EBITDA for the Malaysia business improved by 48% from \$3.5m to \$5.2m for 2013.
- Paying agents increased by around 8% to almost 10,000 paying agents, however a 55% increase in agent revenue was driven by significant improvements in depth revenue and increased yield on subscription products.
- Unique visitors also peaked at a new high during the year of almost 1.6 million visitors.

Hong Kong

- The business in Hong Kong now consists of our property portal, Gohome.com.hk, and our property expo operator, Smart Expo which was acquired during 2013.
- During 2013 the Hong Kong business grew by 95% due to organic growth in property portal revenues together with addition of new revenues from Smart Expo.
- Despite operating in a market significantly impacted by multiple rounds of government property cooling measures average revenue per agent increased by 10% from the prior year and monthly unique visitors peaked at over 850,000 unique visitors.

Singapore

- Revenue of approximately \$2.8m was consistent with 2012 whilst the loss for this business decreased by approximately 2% to \$1.5m.
- The Singapore market was also impacted by multiple rounds of government property cooling measures, which lead to a decline in paying agents during the year.
- Monthly unique visitors peaked during the year at over 550,000 unique visitors.

Indonesia

- Revenue increased by approximately 24% to \$1.1m, although the business was primarily focused on improving consumer and customer metrics to cement its position as the leading property portal in Indonesia.
- Property listings increased by 78% to almost 240,000 at year end.
- Paying agents increased by over 33% to almost 8,000 paying agents at the end of 2013.
- Developer clients also increased by 66% during the year as we were successful in providing many of these customers with an on-line presence for the first time.

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

The Group will continue to pursue a similar strategy in each of the countries in which we operate, tailored to local market conditions where necessary and appropriate. This strategy may be summarised as follows:

- Attract and sign a critical mass of agent customers to provide content, in the form of listings, for our property portals;
- Attract and retain consumers to our websites, as these consumers are a source leads for our customers; and,
- Sign and develop deep relationships with property developers and other display advertisers.

Each of our markets is in differing stages of development, albeit that they are all on a similar growth trajectory. In order for this strategy to be successful we must continue to offer a superior consumer experience, which includes our commitment to a 'Mobile First' approach across key platforms and in multiple languages. This is critical in order to successfully grow our share of the developer advertising market which is estimated to be in excess of 75% of the markets in which we operate. Also critical is the need for constant product innovation such as the new video product and buyers club.

The Group will continue to consider M&A opportunities which consolidate our market position or represent new markets which fit our strategic growth criteria. In the opinion of the Directors, further information on its prospects for future years and likely developments in the operations of the Group 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	311,355	Ordinary	Nil	29 July 2021

On 13 August 2013 there were 595,437 shares issued to Mr Shaun Di Gregorio from the exercise of rights with an expiry of 20 February 2021. Of these shares 195,437 were issued on market with the balance released from an employee share plan trust. 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
May 2013	197,799	193,586	Directors remuneration for 2012
August 2013	195,437	31,024	Shares issued as part of executive incentive plan

Events subsequent to reporting date

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

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, 13 Board Meetings, 3 Remuneration and Nomination Committee meetings and 2 Audit and Risk Committee meetings and 3 Strategy meetings were held.

Directors	Board of Directors		Audit & Risk Committee		Nomination & Remuneration Committee		Strategy	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Patrick Grove	13	12	-	-	2	2	3	3
Lucas Elliott	13	13	2	2	1	1	3	3
Georg Chmiel	13	13	2	2	1	1	3	3
Roland Tripard	13	11	-	-	1	1	3	3
Nick Geddes	4	3	-	-	-	-	1	1
Hugh Morrow	8	7	-	-	2	2	2	2
Samuel Weiss	8	7	2	2	2	2	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.

No fees for non-audit services were 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 14.

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
- Lucas Elliott
- Georg Chmiel
- Roland Tripard
- Nick Geddes (appointed 10 September 2013)
- Hugh Morrow (resigned 10 September 2013)
- Samuel Weiss (resigned 10 September 2013)

Director and senior management details (cont'd)

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)
- Rob Goss (Chief Financial Officer)

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 (i.e. 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:

- Roland Tripard (Chairman)
- Lucas Elliott

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. Mr Georg Chmiel previously served as Chairman of the Remuneration & Nomination Committee but resigned from this position in order that the Committee could independently assess his suitability for the role of CEO. He was subsequently appointed CEO and is expected to commence this role in May 2014. 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. No external reward advice was received during the financial year, nor in the prior year.

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 over the last five years, inclusive of continuing and discontinued operations, as well as the share price at the end of the respective financial years.

	31 Dec 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue	19,046	15,460	11,965	7,233	3,975
Net profit/(loss) after tax	1,706	(2,938)	(2,009)	(2,539)	(1,905)

	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Share price at start of year	\$0.90	\$0.98	\$0.51	\$0.10	\$0.12
Share price at end of year	\$1.94	\$0.90	\$0.98	\$0.51	\$0.10
Interim dividend	NIL	NIL	NIL	NIL	NIL
Final dividend	NIL	NIL	NIL	NIL	NIL
Basic earnings/(loss) per share	\$0.0094	(\$0.0167)	(\$0.0127)	(\$0.0190)	(\$0.0169)
Diluted earnings/(loss) per share	\$0.0094	(\$0.0167)	(\$0.0127)	(\$0.0190)	(\$0.0169)

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 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.

Key Management Personnel and Executive Director Remuneration (cont'd)

Variable Remuneration

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

The following share-based payment compensation relate to Directors and senior management:

Name	Rights series	During the financial year			
		No. granted	No. vested	% of grant vested	% of grant forfeited
S Di Gregorio	(1) Issued 20 Feb 11	595,437	595,437	100%	Nil
	(2) Issued 29 Jul 11	244,200	Nil	Nil	Nil

Rights Series 1 was 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 2013. Details of remuneration of key management personnel and Directors are shown on Table A of this report.

	Mr S Di Gregorio	Mr R Goss
Position	Chief Executive Officer	Chief Financial Officer
Term of employment	No fixed term	No fixed term
Notice period	6 months	3 months
Total employment cost (TEC) ⁽¹⁾	AUD 300,000 per annum	AUD 250,000 per annum
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.
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.
Other benefits	Housing allowance of MYR 12,000 per month (equivalent to approximately AUD 4,100 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 \$9,550 and \$6,800).	Housing allowance of MYR 9,000 per month (equivalent to approximately AUD 3,050 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 \$9,550 and \$6,800).
Termination by executive	6 months	3 months
Termination by company	6 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.

Key Management Personnel and Executive Director Remuneration (cont'd)

Key Management Personnel Remuneration (cont'd)

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)

2013	Short-term Employee benefits				Post employment benefits	Other long-term employee benefits	Shares & unit	Options & Rights	Total	Performance bonus as a % of total remuneration	% of compensation for the year consisting of options/rights
	Salary & fees	Bonus	Non-monetary	Other							
Non-executive Directors											
P Grove	30,000	-	-	-	-	-	42,000	-	72,000	-	-
L Elliott	20,000	-	-	-	-	-	28,000	-	48,000	-	-
G Chmiel	20,000	-	-	-	-	-	28,000	-	48,000	-	-
R Tripard	10,000	-	-	-	-	-	14,000	-	24,000	-	-
N Geddes	5,000	-	-	-	-	-	6,290	-	11,290	-	-
H Morrow	15,000	-	-	-	-	-	21,786	-	36,786	-	-
S Weiss	15,000	-	-	-	-	-	21,786	-	36,786	-	-
	115,000	-	-	-	-	-	161,862	-	276,862	-	-
Key Management Personnel											
S Di Gregorio	289,154	55,730	-	61,720	10,846	-	-	-	417,450	-	-
R Goss	250,000	30,833	-	61,111	-	-	-	-	341,944	-	-
	539,154	86,563	-	122,831	10,846	-	-	-	759,394	-	-
	654,154	86,563	-	122,831	10,846	-	161,862	-	1,036,256	-	-

No retirement benefits were paid to Directors or key management personnel in either 2012 or 2013. 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.

2012	Short-term Employee benefits				Post employment benefits	Other long-term employee benefits	Shares & unit	Options & Rights	Total	Performance bonus as a % of total remuneration	% of compensation for the year consisting of options/rights
	Salary & fees	Bonus	Non-monetary	Other							
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	-	-

Key Management Personnel and Executive Director Remuneration (cont'd)

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 related to 2010 participation (720,765 rights) were exercised by Shaun Di Gregorio (595,437) and Rod Brandenburg (125,328) during 2012 and 2013 respectively.

The 2011 plan rights may be exercised by the employees if certain Company performance measures are met in 2013 and the executives remain employed by the Company until at least March 2014. The rights may be exercised at any time after March 2014 but have an expiry of 10 years from the respective grant dates. The company performance measures were not met in 2013.

There were no rights to ordinary shares issued to executives during 2013 or 2012 as the performance hurdles were not satisfied. The details of the key management recipients are listed below.

Employees	Rights issued under 2013 plan	Rights issued under 2012 plan	Rights issued under 2011 plan*
Shaun Di Gregorio	-	-	244,200

*There are 67,155 rights outstanding to other employees under the 2011 plan, while the balance of the rights issued have been forfeited as the service conditions have not been met. 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 2013 includes \$161,862 (2012: \$194,250) in value of shares which are yet to be issued to Non-Executive Directors. The number of shares in respect of the 2012 remuneration is based on the VWAP over the period that they accrued and was calculated to be 97.87 cents for the period.

A total of 197,799 shares were issued during the year for 2012 and were approved at the 2013 AGM. The total number of shares outstanding to all Directors is 125,202 which was determined using a VWAP of 129.28 cents and is subject to shareholder approval at the next annual general meeting.

	2013			2012		
	Shares issued	Shares vested but not issued	Total	Shares issued	Shares vested but not issued	Total
P Grove	37,549	32,487	70,036	38,850	37,549	76,399
L Elliott	28,609	21,658	50,267	31,080	28,609	59,689
G Chmiel	28,609	21,658	50,267	31,080	28,609	59,689
R Tripard	14,305	10,829	25,134	7,770	14,305	22,075
N Geddes	-	4,866	4,866	-	-	-
H Morrow	28,609	16,852	45,461	31,080	28,609	59,689
S Weiss	28,609	16,852	45,461	31,080	28,609	59,689
S Baker*	-	-	-	46,620	31,509	78,129
	166,290	125,202	291,492	217,560	197,799	415,359

* Simon Baker was issued with 31,509 shares during 2013 relating to his tenure as a Director during 2012.

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 2013:

Name	Position
Patrick Grove	Non-Executive Director
Lucas Elliott	Non-Executive Director
Georg Chmiel	Non-Executive Director
Roland Tripard	Non-Executive Director
Nick Geddes	Non-Executive Director

Remuneration Policy

The fees paid to Non-Executive Directors on the 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.

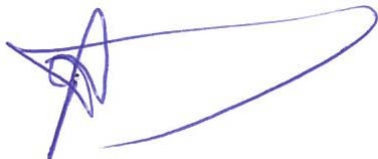
Each Non-Executive Director receives a fee for being a Director of the Company. These fees are paid partly in cash and partly by the issue of iProperty shares.

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 17 February 2014



Patrick Grove
Chairman

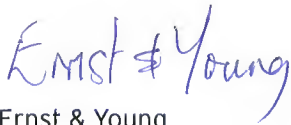


Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

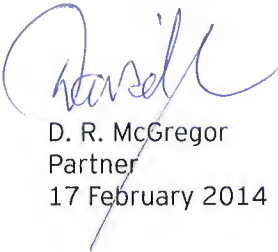
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2013, 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



D. R. McGregor
Partner
17 February 2014

Directors' Declaration

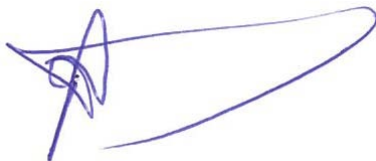
In accordance with a resolution of the Directors iProperty Group Limited, the Directors declare that:

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 2013 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view 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 2013.

On behalf of the Board



Patrick Grove
Chairman

17 February 2014

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**Consolidated statement of comprehensive income
for the financial year ended 31 December 2013**

	Note	Consolidated	
		2013 \$	2012 \$
Continuing operations			
Revenue from services		19,045,657	15,460,380
Realised gain on sale of AFS investments		4,957,609	-
Other income - gain on sale of business		-	2,181,179
		24,003,266	17,641,559
Administration expenses		(912,126)	(948,093)
Advertising and marketing expenses		(3,569,375)	(2,974,409)
Employment expenses	5	(13,029,136)	(11,628,584)
Premises and infrastructure expenses		(1,508,548)	(1,311,958)
Offline production costs		(2,742,702)	(2,865,881)
Terminated acquisition expenses		-	(736,267)
Other expenses		(226,533)	(67,252)
Total expenses		(21,988,420)	(20,532,444)
Profit/(loss) before interest, tax, depreciation and amortisation (EBITDA)		2,014,846	(2,890,885)
Depreciation and amortisation		(429,594)	(298,553)
Profit/(loss) before interest and tax (EBIT)		1,585,252	(3,189,438)
Interest income		281,878	395,384
Interest expense		-	(106)
Profit/(loss) before tax		1,867,130	(2,794,160)
Income tax expense	6	(161,137)	(143,780)
Profit/(loss) for the year		1,705,993	(2,937,940)
Other comprehensive income			
Exchange differences on translation of foreign operations		1,009,580	88,829
Other comprehensive income for the year		1,009,580	88,829
Total comprehensive income/(loss) for the year		2,715,573	(2,849,111)
Profit/(loss) attributable to: Owners of the Company		1,705,993	(2,937,940)
		1,705,993	(2,937,940)
Total comprehensive profit/(loss) attributable to: Owners of the Company		2,715,573	(2,849,111)
		2,715,573	(2,849,111)
Earnings/(loss) per share from continuing operations			
Basic	7	0.94	(1.67)
Diluted	7	0.94	(1.67)

Notes to the financial statements are included on pages 21 to 46.

**Consolidated statement of financial position
as at 31 December 2013**

		Consolidated	
		2013	2012
Note		\$	\$
Current assets			
	Cash and cash equivalents	14,518,547	11,224,249
	Trade and other receivables	2,571,802	2,269,769
	Other assets	1,050,757	642,348
	Total current assets	18,141,106	14,136,366
Non-current assets			
	Available for sale investments	-	2,000,000
	Property, plant and equipment	583,157	610,095
	Intangibles	2,242,315	2,154,817
	Goodwill	18,865,685	14,544,288
	Total non-current assets	21,691,157	19,309,200
	Total assets	39,832,263	33,445,566
Current liabilities			
	Trade and other payables	3,275,017	2,129,559
	Billings in advance	3,747,111	2,258,272
	Provisions	1,039,200	807,524
	Current tax liabilities	84,089	30,848
	Total current liabilities	8,145,417	5,226,203
Non-current liabilities			
	Other payables	561,798	-
	Total non-current liabilities	561,798	-
	Total liabilities	8,707,215	5,226,203
	Net assets	31,125,048	28,219,363
Equity			
	Issued capital	38,965,896	38,744,760
	Reserves	539,551	(439,005)
	Accumulated losses	(8,380,399)	(10,086,392)
	Total equity	31,125,048	28,219,363

Notes to the financial statements are included on pages 21 to 46.

**Consolidated statement of cash flows
for the financial year ended 31 December 2013**

		Consolidated	
		2013	2012
		\$	\$
	Note		
Cash flows from operating activities			
Receipts from customers		20,315,970	15,161,658
Payments to suppliers		(9,385,048)	(8,891,197)
Payments to employees		(12,178,896)	(10,807,815)
Interest received		271,074	411,026
Income tax paid		(107,896)	(103,207)
		(1,084,796)	(4,229,535)
Net cash used in operating activities			
	29		
Cash flows from investing activities			
Payments for business acquisitions	22	(1,808,439)	(309,799)
Proceeds from sale of available for sale investments	11	6,957,609	-
Proceeds from sale of intangible assets		-	1,000,000
Purchases of property, plant and equipment	12	(385,977)	(422,985)
Payments for intangible assets		(380,625)	(553,728)
		4,382,568	(285,512)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		-	10,000,000
Payment for share issue costs	17	(3,474)	(340,978)
		(3,474)	9,659,022
Net cash provided by financing activities			
Net increase in cash and cash equivalents		3,294,298	5,143,975
Cash and cash equivalents at the beginning of the financial year		11,224,249	6,080,274
Cash and cash equivalents at the end of the financial year		14,518,547	11,224,249

Notes to the financial statements are included on pages 21 to 46.

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**Consolidated statement of changes in equity
for the financial year ended 31 December 2013**

		Fully paid ordinary shares	Foreign currency translation reserve	Share treasury reserve	Equity reserve	Equity settled employee benefits reserve	Accumulated losses	Total
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2012		28,144,452	(391,841)	(48,000)	(182,514)	88,811	(7,148,452)	20,462,456
Loss for the year	19	-	-	-	-	-	(2,937,940)	(2,937,940)
Foreign currency translation differences	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		-	-	-	-	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
Balance at 1 January 2013		38,744,760	(303,012)	(48,000)	(182,514)	94,521	(10,086,392)	28,219,363
Changes								
Profit for the year	19	-	-	-	-	-	1,705,993	1,705,993
Foreign currency translation difference	18	-	1,009,580	-	-	-	-	1,009,580
Total comprehensive profit for the year		-	1,009,580	-	-	-	1,705,993	2,715,573
393,236 shares issued during the year	17	224,610	-	-	-	(31,024)	-	193,586
Transaction costs relating to shares issued	17	(3,474)	-	-	-	-	-	(3,474)
Sub-total		221,136	1,009,580	-	-	(31,024)	1,705,993	2,905,685
Balance at 31 December 2013		38,965,896	706,568	(48,000)	(182,514)	63,497	(8,380,399)	31,125,048

Notes to the financial statements are included on pages 21 to 46.

1. General information

iProperty Group Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

Registered office	Principal place of business
Level 3	45-6 The Boulevard
70 Pitt Street	Mid Valley City 59200
Sydney NSW 2001	Kuala Lumpur
Australia	Malaysia

The financial statements relate to the consolidated entity consisting of iProperty Group Limited and its subsidiaries. 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 17 February 2014.

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 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

In adopting AASB 10 *Consolidated Financial Statements*, the Group reviewed all of the entities in which it has, or had, an equity interest and applied the new guidance to each of these investments. The Group was not required to consolidate any additional entities in applying the requirements of the new standard.

A number of new standards, amendments to existing standards and interpretations are applicable to reporting periods commencing after 1 January 2014 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. Although, where necessary the Group's financial statements disclosures will be updated to reflect the requirements of new and amended standards.

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.

2. Significant accounting policies (cont'd)

(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.

(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 contribution 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:

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.

Available for sale investments

The Group's only available for sale investments were equity investments, which were disposed of during the year. 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 as realised gain/(loss) on sale of AFS investments. 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.

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.

2. Significant accounting policies (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

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.

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 no longer is in use or continuing 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.

2. Significant accounting policies (cont'd)

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

<i>Class of Fixed Asset</i>	<i>Years of Useful Life</i>
Plant and equipment	2 - 5 years
Furniture and fittings	3 - 5 years
Leased plant and equipment	3 - 8 years

(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. Alternatively comparable market prices are obtained in order to calculate fair value less costs to sell. The carrying amount of goodwill at the balance sheet date was \$18,865,685 (2012: \$14,544,288). Impairment losses have not been recognised in the current financial year (2012: Nil). Details are provided in note 14.

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

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.

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. The Company operates in only one business segment which is the online advertising segment. The Corporate segment now incorporates the results of the Commercial business to reflect the changed operating model of this business. Similarly prior year balances have been updated to reflect the current year presentation of segment results to the Chief Executive Officer. The Company's reportable segments under AASB 8 are as follows:

- Malaysia
- Singapore
- Hong Kong
- Indonesia
- Corporate

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	
	2013 \$	2012 \$	2013 \$	2012 \$
Malaysia	11,808,103	9,562,018	5,225,217	3,526,071
Singapore	2,825,817	2,862,153	(1,527,324)	(1,554,463)
Hong Kong	3,306,655	1,695,711	(280,558)	(769,524)
Indonesia	1,075,762	867,905	(1,955,210)	(1,121,447)
Corporate	29,320	472,593	(4,404,888)	(5,152,701)
Other income	-	-	4,957,609	2,181,179
EBITDA			2,014,846	(2,890,885)
Depreciation and amortisation			(429,594)	(298,553)
Net interest			281,878	395,278
Income tax expense			(161,137)	(143,780)
Consolidated segment revenue and profit/(loss) for the year	19,045,657	15,460,380	1,705,993	(2,937,940)

All revenue is generated from external customers. No single customer contributes 10% or more to the Group's revenue for 2013 or 2012.

4. Segment information (cont'd)

Segment assets and liabilities

	Segment assets	
	2013 \$	2012 \$
Malaysia	9,950,036	7,079,467
Singapore	6,399,196	8,189,494
Hong Kong	6,624,988	2,442,666
Indonesia	4,108,675	4,296,437
Corporate	12,724,977	11,413,111
Other	24,391	24,391
Total segment assets	39,832,263	33,445,566
Consolidated total assets	39,832,263	33,445,566

	Segment liabilities	
	2013 \$	2012 \$
Malaysia	3,768,797	2,077,490
Singapore	1,143,492	1,203,830
Hong Kong	912,446	803,462
Indonesia	849,078	573,909
Corporate	2,033,402	567,512
Other	-	-
Total segment liabilities	8,707,215	5,226,203
Consolidated total liabilities	8,707,215	5,226,203

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.

5. Profit/(loss) for the year from continuing operations

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

	Consolidated	
	2013 \$	2012 \$
Employee benefits expense		
Salaries and wages	8,864,656	8,136,038
Superannuation and pension related	772,165	664,549
Commissions paid	1,495,012	945,505
Other employment benefits	1,735,440	1,640,226
Termination benefits	-	-
	12,867,273	11,386,318
Share-based payments		
Equity-settled share-based payments	161,863	242,266
Total employee benefits expense	13,029,136	11,628,584

6. Income taxes

Income tax recognised in profit or loss

	Consolidated	
	2013 \$	2012 \$
Current tax		
Current tax expense in respect of the current year	178,921	154,362
Over provisions of prior year tax	(17,784)	(10,582)
	161,137	143,780
Deferred tax		
Deferred tax expense recognised in the current year	-	-
	-	-
Total income tax expense recognised in the current year	161,137	143,780

The income tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

Profit/(loss) before tax from operations	1,867,130	(2,794,160)
Income tax expense calculated at 30% (2012: 30%)	560,139	(838,248)
Effect of different tax rates of subsidiaries operating in other jurisdictions	387,538	376,626
Non assessable income	(1,487,283)	(654,354)
Tax effects of:		
Temporary differences – accruals and provisions	7,391	44,384
Over provision in the prior years	(17,784)	10,582
Deductible costs relating to share issue expenses	(41,221)	(21,545)
Utilisation of previously unrecognised tax losses	-	(129,991)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	752,357	1,356,326
	161,137	143,780

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 2013 and 2012 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

	Consolidated	
	2013 \$	2012 \$
Tax losses – Revenue	1,513,046	1,623,260
Tax losses – Capital	67,990	67,990
Share issue costs deferred	270,199	404,758
	1,851,235	2,096,008

7. Earnings Per Share

	Consolidated	
	2013 Cents per share	2012 Cents per share
Basic earnings/(loss) per share	0.94	(1.67)
Diluted earnings/(loss) per share	0.94	(1.67)

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

	2013	2012
	\$	\$
Profit/(loss) used in the calculation of basic and diluted EPS from continuing operations	1,705,993	(2,937,940)

	2013	2012
	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	180,705,095	175,600,887
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	181,228,216	175,600,887

During 2012 there were no potential ordinary shares that are considered dilutive as they did 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 2012 financial year.

8. Cash and cash equivalents

	Consolidated	
	2013 \$	2012 \$
Cash at bank	4,518,547	1,724,249
Term deposits	10,000,000	9,500,000
Cash and cash equivalents	14,518,547	11,224,249

9. Trade and other receivables

Trade receivables	2,626,332	2,199,851
Less: Provision for doubtful debts	(227,107)	(152,681)
	2,399,225	2,047,170
Other	172,577	222,599
Total trade and other receivables	2,571,802	2,269,769

The average credit period on rendering of services is 30 days (2012:30 days) for direct client billings and 90 days (2012:90 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:

	Consolidated	
	2013 \$	2012 \$
31 - 60 days	482,218	675,565
61 - 90 days	448,166	323,664
91 plus days	714,190	568,773
Total	1,644,574	1,568,002

The balance of the trade debtors is current.

9. Trade and other receivables (cont'd)

Movement in the provision for doubtful debts:

	Consolidated	
	2013 \$	2012 \$
Balance at the beginning of the year	(152,681)	(152,353)
Bad debts recognized during the year	45,353	(4,342)
Doubtful debts allowance recognised during the year	(229,004)	-
Impairment losses reversed	109,225	4,014
Balance at the end of the year	(227,107)	(152,681)

10. Other assets

	Consolidated	
	2013 \$	2012 \$
Deposits and prepayments	1,050,757	642,348

11. Available for sale investments

	Consolidated	
	2013 \$	2012 \$
Investment in iCar Limited	-	2,000,000

12. Plant and equipment

	Consolidated	
	2013 \$	2012 \$
Plant and equipment		
At cost	1,137,412	994,844
Less: Accumulated depreciation	(973,241)	(721,514)
	164,171	273,330
Furniture and fittings		
At cost	306,657	218,937
Less: Accumulated depreciation	(171,753)	(121,548)
	134,904	97,389
Leasehold improvements		
At cost	490,874	387,075
Less: Accumulated depreciation	(206,792)	(147,699)
	284,082	239,376
Total plant and equipment	583,157	610,095

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 year are set out below:

	Consolidated			
	Plant and equipment \$	Furniture and fittings \$	Leasehold improvements \$	Total \$
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
Balance at 1 January 2013	273,330	97,389	239,376	610,095
Additions	145,134	88,863	151,980	385,977
Disposals	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Depreciation	(176,258)	(42,228)	(94,973)	(313,459)
Net foreign currency exchange differences	(78,035)	(9,120)	(12,301)	(99,456)
Balance at 31 December 2013	164,171	134,904	284,082	583,157

13. Intangible assets

	Consolidated	
	2013 \$	2012 \$
iProperty.com Domain	304,149	302,070
SG House Domain & Website	212,389	183,206
iProperty-Group.com Domain	15,000	15,000
Rumahdanproperti.com Domain & Website	427,218	500,000
Rumah123.com Domain & Website	546,539	639,646
Vproperty.com Domain & Website	7,321	6,604
External Web Development capitalised	91,864	91,864
Software	571,783	286,109
Licence	23,973	22,082
Other	42,079	108,236
	2,242,315	2,154,817

Websites, domain names, trademarks and other intangibles

Balance at the beginning of the year	2,154,817	1,164,152
Amortisation	(116,135)	(39,761)
Transfer from Goodwill	-	639,646
Amounts de-recognised on sale of business	-	397,022
Additions	380,625	-
Other	(176,992)	(6,242)
Total intangible assets	2,242,315	2,154,817

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. Software is amortised evenly over periods up to 5 years.

14. Goodwill

	Consolidated	
	2013 \$	2012 \$
Info Tools Pte Ltd (Singapore)	4,372,946	3,892,728
iProperty Singapore	83,212	74,074
GoHome H.K. Co. Limited (Hong Kong)	2,005,066	1,713,838
iProperty.com Events Sdn Bhd (Malaysia)	2,778,729	2,554,349
Think Media Sdn Bhd (Malaysia)	2,267,027	2,083,966
PT Web Marketing Indonesia	3,602,529	3,894,820
Big Sea International Ltd (Macau)	358,140	306,122
Smart Expo (note 22)	3,373,645	-
Other	24,391	24,391
	18,865,685	14,544,288
Cost		
Balance at the beginning of the year	14,544,288	15,617,599
Additional amounts recognised from business combinations occurring during the year (note 22)	3,373,645	306,122
iProperty Singapore	-	74,074
Transfer to Intangible Assets	-	(639,646)
Amounts de-recognised on sale of business	-	(813,861)
Other	947,752	-
Balance at the end of the year	18,865,685	14,544,288

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 2014 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	14.5% (2012: 12.4%)
Hong Kong	13.2% (2012: 13.8%)
Indonesia	20.2% (2012: 21.0%)

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 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.

The Singapore CGU has been assessed for impairment on the basis of fair value less costs to sell. Fair value has been determined by reference to offers for a comparable business in the same market. Management believes that a deterioration of revenues of 20% from the current levels may result in an impairment in future periods.

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 discounted cash flow method of measurement was used to estimate the recoverable amount of those assets (apart from Singapore as disclosed above). 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	
	2013 \$	2012 \$
Current		
Trade payables	1,625,734	1,052,418
Sundry payables and accrued expenses	985,065	884,719
GST payable	102,420	192,422
Accrued acquisition costs	561,798	-
	3,275,017	2,129,559
Non-current		
Accrued acquisition costs	561,798	-

The average credit period on purchases normally 30 – 60 days (2012: 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.

16. Provisions

	Consolidated	
	2013 \$	2012 \$
Current		
<i>Employee entitlements</i>		
Opening balance	134,436	131,484
Net of amounts charged	44,144	2,952
Closing balance	178,580	134,436
Staff incentives and bonuses	794,523	395,770
Other amounts	66,097	277,318
	1,039,200	807,524
Number of employees	279	332

17. Issued capital

	Consolidated	
	2013 \$	2012 \$
181,398,416 fully paid ordinary shares (2012: 181,005,190)	38,965,896	38,744,760

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

Fully paid ordinary shares	2013		2012	
	No.	\$	No.	\$
Balance at beginning of financial year	181,005,190	38,744,760	169,527,776	28,144,452
Issue of shares	393,236	224,610	11,477,414	10,941,286
Share issue costs	-	(3,474)	-	(340,978)
Balance at end of financial year	181,398,426	38,965,896	181,005,190	38,744,760

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	
	2013 \$	2012 \$
Reserves		
Equity reserve	(182,514)	(182,514)
Treasury reserve	(48,000)	(48,000)
Equity settled employee benefits reserve	63,497	94,521
Foreign currency translation reserve	706,568	(303,012)
	539,551	(439,005)
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	94,521	88,811
Shares issued during the year	(31,024)	(29,686)
Recognition of rights expense	-	35,396
Balance at end of financial year	63,497	94,521
Foreign currency translation reserve		
Balance at beginning of financial year	(303,012)	(391,841)
Exchange differences arising on translating the foreign operations	1,009,580	88,829
Balance at end of financial year	706,568	(303,012)

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	
	2013 \$	2012 \$
Balance at beginning of financial year	(10,086,392)	(7,148,452)
Profit/(loss) attributable to members of the parent entity	1,705,993	(2,937,940)
Balance at end of financial year	(8,380,399)	(10,086,392)

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 2013 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.

	Consolidated	
	2013 \$	2012 \$
Not longer than 1 year	619,448	628,684
Longer than 1 year and not longer than 5 years	856	539,301
Longer than 5 years	-	-
	620,304	1,167,985

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 2013				
Smart Expo	Operator of property expos	31 January 2013	100	3,041,634
Acquisitions in 2012				
Vproperty Pte Ltd	Operator of online property portal (vproperty.com)	18 May 2012	100	308,939

Acquisition of Smart Expo

On 31 January 2013 the Group entered into an agreement to acquire Smart Expo, an established operator of property expositions focused on the property developer advertising market. The purchase consideration was approximately USD3.0million (AUD equivalent \$3.0 million), with an upfront payment of AUD1.7 million and the balance of the consideration payable over two years based on the achievement of agreed revenue and EBITDA targets. The Company was acquired with the objective of expanding the Group's property expo business and providing a platform for further expansion into the mainland China market.

Goodwill is attributable to revenue growth and ability to expand the expo footprint. Between acquisition date and reporting date there has been no change to the amount of contingent consideration payable. The revaluation of goodwill for changes in foreign exchanges rates between acquisition date and year end increased goodwill from \$3,041,634 to \$3,373,645.

Purchase Consideration

Cash paid	1,808,439
Cash acquired	109,599
Contingent consideration:	
Current	561,798
Non-current	561,798
Total possible consideration	3,041,634

Allocation of the Purchase Consideration

Total assets excluding goodwill	150,253
Goodwill	3,038,664
	3,188,917
Total Liabilities	(147,283)
Net Assets	3,041,634

22. Business combinations (cont'd)

Impact of acquisitions on the results of the Group

The impact of the acquisition is not material to the results of the Group nor do the Directors consider it practical to estimate what consolidated revenue and profit for the year ended 31 December 2013 would have been if the acquisition had occurred on 1 January 2013.

Acquisition of Vproperty

The acquisition accounting of the purchase of Big Sea International Limited (including vproperty.com) was completed during the year. Big Sea International Limited owns 100% of Vproperty Limited the owner and operator of websites www.vproperty.com and www.vproperty.mo (amongst others) which are property portals. The completion of the acquisition accounting process resulted in no change to the provisional allocation of purchase consideration disclosed in the 2012 financial statements.

23. Controlled entities

	Country of incorporation	Proportion of owners interest and voting power held by the Group	
		2013 %	2012 %
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
SMART Expo Limited (note 22)	Hong Kong	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	100
Vproperty Pte Ltd	Macau	100	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 on the following page in related party transactions.

24. Related party transactions (cont'd)

(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 2013 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 31 December 2013 No.	Shares not yet issued*
2013						
Directors						
Patrick Grove**	41,088,561	37,549	-	154,589	41,280,699	32,487
Lucas Elliott**	41,079,106	28,609	-	162,984	41,270,699	21,658
George Chmiel	61,899	28,609	-	-	90,508	21,658
Roland Tripard***	31,258,006	14,305	-	-	31,272,311	10,829
Nick Geddes	20,000	-	-	5,159	25,159	4,866
Hugh Morrow	441,574	28,609	-	-	470,183	16,852
Samuel Weiss	547,938	28,609	-	-	576,547	16,852
Executives						
Shaun Di Gregorio	3,305,567	595,437	-	-	3,901,004	-
Rob Goss	-	-	-	-	-	-

* 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 41,270,699 shares in iProperty Group Limited.

*** Mr Tripard is the CEO of and represents Seloger.com which owns 31,272,311 shares in iProperty Group Limited. Seloger.com is owned by the Axel Springer Group in Germany.

	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	37,549
Simon Baker	11,487,718	46,620	-	515,323	12,049,661	31,509
Hugh Morrow	410,494	31,080	-	-	441,574	28,609
Samuel Weiss	516,858	31,080	-	-	547,938	28,609
Lucas Elliott**	41,009,176	31,080	-	38,850	41,079,106	28,609
Georg Chmiel	30,819	31,080	-	-	61,899	28,609
Roland Tripard***	29,347,500	7,770	-	1,902,736	31,258,006	14,305
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.

24. Related party transactions (cont'd)

(c) Key management and Directors equity holdings (cont'd)

Share Rights of iProperty Group Limited

Issued 2011	Balance at 31 December 2012 No.	Granted as compensation No.	Exercised No.	Balance at 31 December 2013 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2010 Plan							
Shaun Di Gregorio	595,437	-	(595,437)	-	-	-	-
2011 Plan							
Shaun Di Gregorio	244,200	-	-	244,200	244,200	-	-

There were no share options issued during the year (2012: Nil). 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 2013 or 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 was the majority shareholder in iCar Asia Limited which was 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 was disclosed as other income in the income statement.

The disposal was considered a related party event given that Patrick Grove and Lucas Elliot were 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.

Sale of iCar Limited

During the second half of 2013, the Group disposed of its entire interest in iCar Asia Limited, which was classified as an available for sale investment and recorded a gain on disposal of \$4,957,609.

Other transactions between iProperty Group Limited and its related parties

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

Payments to related parties

A contract publishing agreement was entered into with Catcha Luxury Publications Sdn Bhd, a company associated with Patrick Grove and Lucas Elliott, to produce a coffee table book on Iskandar Malaysia. The outstanding unpaid amount at 31 December 2013 was \$21,385.

Company secretarial services were provided by Australian Company Secretaries Pty Ltd, a company associated with Nick Geddes. The outstanding unpaid amount at 31 December 2013 was \$12,406.

Consulting services were charged by Classified Adventures Pty Ltd, a company associated with Simon Baker to the Group. The outstanding unpaid balance on 24 September 2012 (the date that Simon Baker ceased to be a related party) was \$2,500 was representing the September invoice.

Consolidated	
2013 \$	2012 \$
21,385	-
76,767	-
-	7,500
98,152	7,500

24. Related party transactions (cont'd)

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 2013 was \$25,000 (2012: \$5,000 outstanding).

Agent subscription fees were charged by the Group to LJ Hooker franchises in Indonesia, which are entities associated with Georg Chmiel. No amount was outstanding at 31 December 2013.

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

Consolidated	
2013	2012
\$	\$
60,000	15,000
5,623	-
65,623	15,000
72,668,677	73,397,978

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.

Financial position

Assets

Current assets	11,227,241	10,656,827
Non-current assets	24,716,793	24,440,807
Total assets	35,944,034	35,097,634

Liabilities

Current liabilities	1,666,461	-
Non-current liabilities	-	-
Total liabilities	1,666,461	-

Net Assets

Equity

Issued capital	38,965,897	38,744,760
Accumulated losses	(4,751,819)	(3,741,647)

Reserves

Equity settled employee benefits reserve	63,497	94,521
Total reserves	63,497	94,521

Total equity

Financial performance

Loss of the parent entity	(1,010,172)	(1,613,917)
Total comprehensive loss	(1,010,172)	(1,613,917)

Parent	
31 December 2013	31 December 2012
\$	\$
11,227,241	10,656,827
24,716,793	24,440,807
35,944,034	35,097,634
1,666,461	-
-	-
1,666,461	-
34,277,573	35,097,634
38,965,897	38,744,760
(4,751,819)	(3,741,647)
63,497	94,521
63,497	94,521
34,277,575	35,097,634
(1,010,172)	(1,613,917)
(1,010,172)	(1,613,917)

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 Liabilities as all intercompany loans and investments are eliminated on consolidation.

26. Share-based payments

Employee share rights plan

The table below sets out the balance, movement and weighted average exercise price (WAEP) of share rights relating to the 2010 and 2011 LTI plans (as described in the Remuneration Report). There were no share rights or options issued during 2012 or 2013.

	2010 LTI Rights	WAEP cents	2011 LTI Rights	WAEP cents
Outstanding at 1 January 2012	720,765	17.23	655,271	49.14
Forfeited during 2012	-	-	(234,026)	49.14
Exercised during 2012	(125,328)	23.69	-	-
Balance at 31 December 2012	595,437	15.87	421,245	49.14
Forfeited during 2013	-	-	(109,890)	49.14
Exercised during 2013	(595,437)	15.87	-	-
Balance at 31 December 2013	-	-	311,355	49.14

Amount included Under Employee Benefits Expense in Statement of Comprehensive Income

There was nil (2012: \$35,396) 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)
- Lucas Elliott Non-Executive
- Georg Chmiel Non-Executive
- Roland Tripard Non-Executive
- Nick Geddes Non-Executive (appointed 10 September 2013)
- Roland Tripard Non-Executive (resigned 10 September 2013)
- Samuel Weiss Non-Executive (resigned 10 September 2013)

Executives

- Shaun Di Gregorio Chief Executive Officer
- Rob Goss Chief Financial Officer

The 2012 executive's balances include Paul Whiteway (Chief Operating Officer) and Rod Brandenburg (Chief Financial Officer – resigned 9 November 2012) 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	
	2013 \$	2012 \$
Short-term employee benefits	863,548	812,939
Post-employment benefits	10,846	14,461
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	161,862	246,467
	1,036,256	1,073,867

There were no share options or tax deferred shares granted during the year ended 31 December 2013 (2012: 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 7 to 13.

27. Key management personnel compensation (cont'd)

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 2013 includes \$161,862 (2012: \$194,250) in respect of 131,967 shares (2012: 197,799 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.

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 it 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 2013 and 2012 were as follows:

	Consolidated	
	2013	2012
	\$	\$
Total borrowings	-	-
Cash and bank balances	14,518,547	11,224,249
Net debt	Nil	Nil
Equity (i)	31,125,048	28,219,363
Net debt to equity ratio	0%	0%

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

28. Financial risk management (cont'd)

(b) Interest rate risk management

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 2013 would increase/decrease by \$47,463 (2012: \$43,378). This is mainly attributable to the Group's exposure to interest rates on its cash held at bank. The Group earned \$281,868 in interest income (2012: \$395,384) which is an average return of 3% (2012: 4.6%) 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 foreign currency exposure arises.

However the translation of these entity's results from their respective non-Australian dollar functional currencies into the Australian dollar presentation currency of the Group does represent a foreign currency exposure to the Group. The main currency that the Group is exposed to is Malaysian Ringgit and a 5% movement in the average exchange rate over the course of the year would have impacted earnings positively by \$161,156 (in the case of weaker Australian dollar) or negatively by \$145,807 (in the case of a stronger Australian dollar). Similarly a 5% movement in the average Singapore dollar exchange rate over the course of the year would have impacted earnings positively by \$72,868 (in the case of a stronger Australian dollar) or negatively by \$80,538 (in the case of a weaker Australian dollar).

(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.

1 December 2013	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	3.66%	7,518,547	7,000,000	-	-	14,518,547
Trade receivables	0.00%	2,399,225	-	-	-	2,399,225
Other receivables	0.00%	172,577	-	-	-	172,577
		10,090,349	7,000,000			17,090,349
Financial liabilities						
Trade payables	0.00%	1,625,735	-	-	-	1,625,735
Billings in advance	0.00%	1,993,214	1,668,084	85,813	-	3,747,111
Other payables	0.00%	1,649,283	-	561,798	-	2,211,081
		5,268,232	1,668,084	647,611	-	7,583,927

28. Financial risk management (cont'd)

(e) Liquidity risk management (cont'd)

Liquidity and interest risk tables (cont'd)

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
Billings in advance	0.00%	1,300,325	832,067	125,880	-	2,258,272
Other payables	0.00%	1,077,141	-	-	-	1,077,141
		3,429,884	832,067	125,880	-	4,387,831

29. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, 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 statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2013 \$	2012 \$
Cash and cash equivalents	14,518,547	11,224,249

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

Cash flows from operating activities

Profit/(loss) for the year after income tax	1,705,993	(2,937,940)
Non cash flows in profit/(loss) from ordinary activities		
Depreciation and amortisation	429,594	298,553
Doubtful debt expense	111,706	58,076
Realised gain on sale of AFS investments	(4,957,609)	-
Other income - profit on sale of business	-	(2,181,179)
Non cash employment costs	226,630	334,011
Foreign exchange impacts	(194,615)	144,749
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(344,229)	(402,240)
(Increase)/decrease in other assets	(406,815)	(16,633)
(Increase)/decrease in current tax asset	0	11,154
Increase/(decrease) in trade and other payables	2,139,721	531,083
Increase/(decrease) in provisions	201,587	(100,017)
Increase/(decrease) in tax liabilities	3,241	30,848
Net cash used in operating activities	(1,084,796)	(4,229,535)

30. Auditors' remuneration

	Consolidated	
	2013 \$	2012 \$
Remuneration of the auditor (Ernst & Young) of the parent entity for:		
Auditing or reviewing the financial report	109,773	111,641
Other services	-	-
Total	109,773	111,641
 Remuneration of other auditors (Ernst & Young) of the subsidiaries:		
Auditing or reviewing the financial report	53,227	57,563
Other services	-	-
Total	53,227	57,563

31. Subsequent events

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

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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 2013, 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.

Opinion

In our opinion:

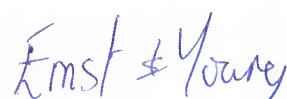
- a. the financial report of iProperty Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian 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

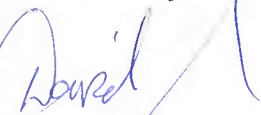
We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. 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 2013 complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



D. R. McGregor
Partner
Melbourne
17 February 2014

Corporate Directory

Registered Office

Level 3
 70 Pitt Street
 Sydney NSW 2001
 Australia
 Tel: +61 (2) 9239 0277
 Fax: +61 (2) 9233 4497

Share Registry

Boardroom Pty Limited
 Level 7
 207 Kent Street
 Sydney NSW 2000
 Australia
www.boardroomlimited.com.au

Principal Place of Business

45-6, The Boulevard
 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	Lucas Elliott
Georg Chmiel – Audit & Risk Committee (Chair)	Nick Geddes
Roland Tripard – Remuneration & Nomination Committee (Chair)	

Chief Executive Officer

Shaun Di Gregorio
 Email: shaundi@iproperty.com

Chief Financial Officer

Robert Goss
 Email: robert.goss@iproperty.com

Websites

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

Auditors

Ernst & Young
 8 Exhibition Street
 Melbourne VIC 3000

Other Offices

iProperty Singapore 360 Orchard Road Singapore 238869	GoHome H.K Co. Ltd 18th Floor, Tai Yip Building 141 Thomson Road Wan Chai, Hong Kong	PT Web Marketing Indonesia Jalan Warung Jati Raya 36 Ragunan, Pasar Minggu Jakarta, Indonesia
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ASX Listing Code

IPP

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