MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES
ACN 604 677 796

ASX Appendix 4E
Preliminary final report
for the year ended 31 December 2016

Lodged with the ASX under Listing Rule 4.3A

Contents

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Results for Announcement to the Market

Details of the reporting period and the previous corresponding period

Reporting Period:	Year Ended 31 December 2016
Previous Corresponding Period:	Year Ended 31 December 2015

Results for announcement to the market

	12 Months 31 Dec 2016 $000's	12 Months 31 Dec 2015 $000's	Up/ Down	Change $000's	Change %
Revenue from ordinary activities	28,023	20,568	Up	7,455	36.2%
Profit from ordinary activities after tax attributable to members	8,174	2,589	Up	5,585	215.7%
Profit for the period attributable to members	8,174	2,589	Up	5,585	215.7%

Dividend information

The Group is not proposing to pay dividends in Financial Year 2016 (Financial Year 2015: $2.9 million). There are no dividend or distribution reinvestment plans in operation.

Review of results

Refer to the Operating and Financial Review.

Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached additional information.

Net tangible assets per ordinary security

	31 Dec 2016	31 Dec 2015
Net tangible assets ($)	23,679,348	21,961,830
Net assets ($)	48,893,186	32,732,256
Issued share capital at reporting date ($)	32,136,903	27,230,212
Number of shares on issue at reporting date	213,168,412	208,737,689
Net tangible assets per ordinary security (cents per share)	11.1	10.5
Net assets per ordinary security (cents per share)	22.9	15.7

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Additional Information

Other significant information

For explanation of the figures reported above or other item(s) of importance not previously released to the market, please refer to the attached Preliminary Financial Statements.

Controlled entities acquired

On 29 February 2016, Mitula Classified SL acquired 100% of the issued share capital of **Nuroa Internet SL**. The total purchase consideration was approximately $3.28 million (€2.14 million). Nuroa is a Spanish company which owns and operates 23 real estate vertical search Websites in 23 countries. Nuroa operates a similar model to the Mitula Group with revenues being derived from CPC (cost per click) and Google AdSense.

On 2 September 2016, the Group acquired 100% of the issued share capital of **Dot Property Private Limited**. Dot Property operates 10 property portals across nine South East Asian countries. The strategic acquisition of Dot Property will increase Mitula Group monetization of property based visits in those countries.

Audit

This report is based on the Consolidated Financial Statements for the year ended 31 December 2016 which are in the process of being audited by the Company’s auditors, PricewaterhouseCoopers. The audit report will be made available with the Company's financial report as part of the Company's Annual Report which is still to be completed and will be released during March 2017.

Simon Baker
Chairman

Dated this 27 February 2017

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Operating and Financial Review

Principal activities

The Mitula Group is a leading digital classifieds group operating classifieds vertical search and portals sites.

- It operates 88 vertical search sites across property, employment, motoring and fashion in 50 different countries and 19 different languages. These sites operate under the Mitula, Nestoria and Nuroa brands.
- It operates 10 property portals in nine South East Asian countries under the DotProperty and Thailand-property brands.

The Mitula Group generates over 80 million visits per month to its network of classified vertical search and portal sites.

The Mitula Group's vertical search functionality gives its website users the ability to search across listings from multiple verticals, being real estate, automotive, employment, and, in some countries holiday rentals, and obtain search results from multiple advertisers with one search query. With access to the search results of multiple advertisers, users are offered a more convenient and efficient search experience than performing a search on a single advertiser's website.

The Mitula Group monetises visits to these sites through a range of products and services including Google AdSense, cost-per-click out ("CPC") sales, cost-per-acquisition ("CPA"), display advertising, and listing sales.

The Mitula Group customers include portals (property, employment and motoring), online fashion stores, general classified sites, real estate agents, developers and general display advertisers.

Non-IFRS financial information

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

- Adjusted Operating Expenses: total operating expenses less one off costs associated with IPO and business acquisition
- EBITDA: earnings before interest, tax and depreciation and amortisation
- Adjusted EBITDA: EBITDA plus add back of one off costs associated with IPO and business acquisition
- EBT: Earnings before taxes, equivalent to Profit Before Tax
- NPAT: Net profit after tax, equivalent to Profit After Tax
- Adjusted Operating Cash Flow: Net cash flow from operating activities adjusting for payment of IPO transaction cost, costs associated with acquisition of subsidiaries, income tax and interest received.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Operating and Financial Review

Review of operations

$' 000	12 Months to 31 Dec 2016	12 Months to 31 Dec 2015	Growth
Revenue	28,023	20,568	36.2%
- AMERICAS	7,528	6,754	11.5%
- APAC	6,819	4,872	40.0%
- EMEA	13,676	8,942	52.9%
Adjusted Operating Expenses	15,340	11,025	39.1%
Adjusted EBITDA[1]	**12,683**	**9,543**	**32.9%**
Adjusted EBITDA Margin	45.3%	46.4%	
NPAT	**8,174**	**2,589**	**215.7%**
NPAT margin	29.2%	12,6%	
Adjusted Operating Cash Flow	11,012	8,797	25.2%
Cash Balance (end of period)	20,462	21,003	-2.6%

- Reconciliation to Adjusted EBITDA:

$' 000	12 Months to 31 Dec 2016	12 Months to 31 Dec 2015
Profit Before Tax	**10,482**	**4,387**
Depreciation & Amortisation	1,974	1,103
Net Finance Expense / (Income)	(317)	1,772
Net Foreign Exchange Losses / (Gains)	(208)	283
EBITDA	**11,931**	**7,545**
IPO Expense (note 7)	-	1,246
IPO Expense (Share Based Payments) (note 7)	574	574
Acquisition Expenses (note 16)	178	178
Adjusted EBITDA	**12,683**	**9,543**

[1] Management believe additional Non-IFRS information (EBITDA) is useful in measuring the performance of the Group. See below reconciliation statements to Adjusted EBITDA and Adjusted Operational Expense.

- Reconciliation of Adjusted Operating Expense:

$' 000	12 Months to 31 Dec 2016	12 Months to 31 Dec 2015
Cost of Sales	(3,515)	(2,511)
Employee Benefit Expenses	(8,139)	(5,794)
Operational Expenses	(1,513)	(1,171)
Technology Expenses	(1,004)	(823)
Office Expenses	(842)	(672)
Corporate Expenses	(1,078)	(2,053)
Rounding	(1)	1
Operating Expenses	**(16,092)**	**(13,023)**
IPO Expense (Non Financial) (Note 7)	-	1,246
IPO Expense (Share-Based Payments) (Note 7)	574	574
Acquisition Expenses (note 17)	178	178
Adjusted Operating Expenses	**(15,340)**	**(11,025)**

Adjusted operating expenses have grown by 39.1. This is mainly due to an increase in wages costs driven by an increase in middle management wages and headcount, together with the introduction of STI and LTI agreements, and the incorporation of Nuroa and Dot Property during 2016.

Adjusted EBITDA has grown by 32.9% to 12.7 million achieving a 45.3% adjusted EBITDA margin, consistent with a 46.4% adjusted EBIDA margin achieved in 2015.

Adjusted operating cash flow has increased 25.2% to $ 11 million from regular operations. Cash balance at year end decreased by 2.6% due to investment and finance activities cash payments for a total of $ 9.5 million during 2016.

Result of 2016 with 2015 exchange rates

$' 000	Statutory 2016	2016 with 2015 FX	Diff.	% Dif.
Revenues	28,023	28,536	(513)	(1.8%)
Operational Expenses	15,340	15,594	(204)	(1.3%)
Adjusted EBITDA	12,683	12,942	(259)	(2.0%)
EBITDA Margin	*45.3%*	*45.4%*		
Profit for the year	8,174	8,433	(259)	(3.2%)

Operating and Financial Review

NPAT Margin	*29.2%*	*29.6%*

Risk

- Reliance on the Google Ad Network, whereby adverse changes to existing revenue sharing arrangements could affect the Group's existing revenues. This risk is managed through a close relationship with Google and continuous monitoring of likely outcomes.

- Reliance on Google for visitation to the Group's websites could be impacted with changes to search engine algorithms. To manage this risk, management conducts regular reviews and has access to global SEO experts to formulate strategy, including identification of alternate providers.

- Lack of website availability or technical infrastructure interruption. As an online business, the availability of the Group's websites, applications and systems is essential to business success. To manage the risk of any outage, the Group has developed and implemented disaster recovery strategies, and business continuity plans. The Group also had developed internal tools and procedures for monitoring its websites.

- The Group is actively assessing expansion opportunities through acquisition. Potential investments may carry execution and integration risks. To assist managing this risk potential investments are assessed via a screening process, after which due diligence is carried out including a high technical element.

- As a global business operating in multiple currencies, the Group is exposed to foreign currency exchange risks. The Group maintains primary currency cash balances in Euro, GBP and USD. Risk is managed through diversification in these primary currencies and through adherence to its cash management and treasury policy.

- The Group has implemented key advertising account management strategies, with ongoing review procedures, to reduce the risk of loss or reduction of revenues from key advertisers in certain countries where the risk is identified.

Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The Group has established an Audit and Risk Committee to oversee the Group's risk management framework.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These are detailed in the Company's Corporate Governance Statement, a copy of which is available at http://www.mitulagroup.com/corporate-governance/.

The Audit and Risk Committee assists in discharging the Board's responsibility to manage the Group's risks.

The Audit and Risk Committee oversees the implementation of our risk management framework to ensure management fulfils its risk management responsibilities. The Audit & Risk Committee is focused on operational, financial, strategic and IT-related risks.

Operating and Financial Review

The Audit and Risk Committee advises the Board on such matters as the Group's liquidity, currency, credit and interest rate exposures and monitors management's actions to ensure they are in line with Group policy.

The Company also has in place risk management and internal control systems to manage material risks.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Preliminary Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Revenue	6	28,022,988	20,568,035
Cost of sales	6	(3,515,307)	(2,510,673)
Gross profit		**24,507,681**	**18,057,362**
Employee benefit expenses	7	(8,139,118)	(5,793,567)
Operational expenses		(1,513,075)	(1,170,560)
Technology expenses		(1,004,294)	(823,066)
Office expenses		(841,811)	(671,866)
Corporate expenses		(1,077,977)	(2,053,314)
Depreciation and amortisation	7	(1,974,293)	(1,103,498)
Net finance income / (expense)	7	316,651	(1,771,912)
Net foreign exchange gains/(losses)	7	208,483	(283,018)
Profit before tax		**10,482,247**	**4,386,561**
Income tax	8	(2,308,524)	(1,797,938)
Profit for the year		**8,173,723**	**2,588,623**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(554,725)	140,173
Other comprehensive income for the period, net of tax		**(554,725)**	**140,173**
Total comprehensive income for the period		**7,618,998**	**2,728,796**
Total comprehensive income attributable to owners		7,618,998	2,728,796
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share	22	3.62	1.37
Diluted earnings per share	22	3.58	1.36

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Preliminary Consolidated Balance Sheet
As at 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	20,462,205	21,002,933
Trade and other receivables	10	5,468,174	3,884,700
Current tax assets		210,387	2,142
Other current assets		15,670	77,650
Total current assets		**26,156,436**	**24,967,425**
Non-current assets			
Property, plant and equipment	11	899,577	729,026
Goodwill	12, 16	18,952,676	5,086,057
Other intangible assets	12, 16	6,261,162	5,684,369
Other non-current financial assets	13	547,956	166,526
Deferred tax asset	15	201,780	4,409
Total non-current assets		**26,863,151**	**11,670,387**
Total assets		**53,019,587**	**36,637,812**
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,478,790	1,527,318
Current tax liabilities		500,506	692,597
Total current liabilities		**1,979,296**	**2,219,915**
Non-current liabilities			
Other non-current liabilities	13	351,739	17
Deferred tax liability	15	1,795,366	1,685,624
Total non-current liabilities		**2,147,105**	**1,685,641**
Total liabilities		**4,126,401**	**3,905,556**
Net assets		**48,893,186**	**32,732,256**
EQUITY			
Contributed equity	18	32,136,903	27,230,212
Other equity	16.3	2,605,706	-
Other reserves	19	1,603,535	574,000
Retained earnings		12,913,992	4,740,269
Foreign currency translation reserve		(366,950)	187,775
Total equity		**48,893,186**	**32,732,256**

The above Preliminary Consolidated Balance Sheet should be read in conjunction with the accompanying notes

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Preliminary Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

Consolidated entity	Notes	Contributed equity $	Other equity $	Other reserves $	Retained earnings $	Foreign translation Reserve $	Total equity $
Balance at 1 January 2015		**5,121**	**-**	**526,417**	**4,935,897**	**47,602**	**5,515,037**
Profit for the period		-	-	-	2,588,623	-	2,588,623
Other comprehensive income		-	-	-	-	140,173	140,173
Total comprehensive income for the period		**-**	**-**	**-**	**2,588,623**	**140,173**	**2,728,796**
Transactions with owners in their capacity as owners:							
Capital reorganisation	18	(5,121)	-	(526,417)	105,955	-	(425,583)
Issue of new shares	18	28,553,247	-	-	-	-	28,553,247
Share issue transaction costs	18	(1,323,035)	-	-	-	-	(1,323,035)
Dividends		-	-	-	(2,896,072)	-	(2,896,072)
Share based payments	20	-	-	574,000	-	-	574,000
Other movements in equity		-	-	-	5,866	-	5,866
Balance at 31 December 2015		**27,230,212**	**-**	**574,000**	**4,740,269**	**187,775**	**32,732,256**
Balance at 1 January 2016		**27,230,212**	**-**	**574,000**	**4,740,269**	**187,775**	**32,732,256**
Profit for the period		-	-	-	8,173,723	-	8,173,723
Other comprehensive income		-	-	-	-	(554,725)	(554,725)
Total comprehensive income for the period		**-**	**-**	**-**	**8,173,723**	**(554,725)**	**7,618,998**
Transactions with owners in their capacity as owners:							
Issue of new shares	18	4,906,691	-	-	-	-	4,906,691
Share based payments	20	-	-	1,029,535	-	-	1,029,535
Shares granted on business acquisition yet to be issued	16.3	-	2,605,706	-	-	-	2,605,706
Balance at 31 December 2016		**32,136,903**	**2,605,706**	**1,603,535**	**12,913,992**	**(366,950)**	**48,893,186**

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Preliminary Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	Notes	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and service tax)		27,621,295	20,352,336
Payments to suppliers and employees (inclusive of goods and service tax)		(16,609,156)	(11,555,775)
		11,012,139	8,796,561
Payment for IPO transaction costs		-	(1,246,449)
Cost associated with acquisition of subsidiary		(128,251)	(177,939)
Income tax paid		(2,303,323)	(2,672,352)
Interest received		346,144	178,088
Net cash flows from operating activities	28	**8,926,709**	**4,877,909**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	16	(6,915,262)	(8,894,059)
Payments for other financial assets	13	(29,691)	(165,064)
Payments for property, plant and equipment	11	(426,640)	(653,848)
Payments for other intangibles	12	(197,554)	(108,605)
Repayment of loans by related parties	26	-	521,673
Proceeds from sale of available-for-sale financial assets		-	380,043
Net cash flows from investing activities		**(7,569,147)**	**(8,919,860)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		-	25,066,618
Proceeds from borrowings	16.3	3,300,000	-
Payment for IPO transaction costs - Equity		-	(1,323,035)
Dividends paid	21	-	(2,896,072)
Payment of Borrowings	16	(5,168,797)	-
Interest paid		(29,493)	-
Net cash flows from financing activities		**(1,898,290)**	**20,847,511**
Net increase in cash and cash equivalents		**(540,728)**	**16,805,560**
Cash and cash equivalents at the beginning of the financial year	9	21,002,933	4,197,373
Cash and cash equivalents at end of the financial year	9	**20,462,205**	**21,002,933**

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

Notes to the Preliminary Consolidated Financial Statements
For the year ended 31 December 2016

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Mitula Group Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Mitula Group Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention except for, financial instruments measured at fair value through profit or loss.

(iii) Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

1.1. Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for year ended 31 December 2016 and have not yet been applied in the consolidated financial statements:

Title of Standard	Summary and impact on Group's financial statements	Application date of the standard	Application date for Group for financial year ending
AASB 9 Financial Instruments	AASB 9 Financial Instruments replaces AASB 139 and addresses and classification, measurement and derecognition of financial assets and liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness, treatment of hedging costs and risk components that can be hedged. AASB 9 introduces a new expected loss model impairment model that will require entities to account for expected credit losses at the time of recognising the asset. The Group does not expect the adoption of the new standard to have a material impact on its classification and measurement of the financial assets and liabilities or its results on adoption of the new impairment model. The new standard will result in extended disclosures in the financial statements. The Group has decided not to early adopt AASB 9.	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers	AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: 1. identify contracts with customers 2. identify the separate performance obligations 3. determine the transaction price of the contract 4. allocate the transaction price to each of the separate performance obligations, and 5. recognise the revenue as each performance obligation is satisfied. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. The Group is assessing the impact of the new standard on its revenue recognition policy.	1 January 2018	30 June 2019

Title of Standard	Summary and impact on Group's financial statements	Application date of the standard	Application date for Group for financial year ending
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $285,709. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.	1 January 2019	30 June 2019

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of Mitula Group Limited and its subsidiaries.

a. Principles of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as the CEO that makes strategic decisions. The business is being monitored on an operating gross margin (revenues less cost of sales) basis distinguishing by geography (EMEA, AMERICAS and APAC). Given the nature of the services rendered by the Group, consisting of rendering vertical search engine for classifieds in internet services, it is not possible to separate assets and liabilities by client nor allocate operating or financial results and taxes, following this criteria.

c. Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity is established ('the functional currency'). The Group operates in several functional currencies, mainly Euro. The consolidated financial statements have been presented in Australian dollars, which is the Company's presentation and functional currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

d. Share capital

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

i. Dividend distributions

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

e. Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

f. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The main sources of the Group's revenue are:

- CPC (cost-per-click): Most of the customers pay on a cost-per-click basis, which means that an advertiser (customer) pays to the Group only when a user clicks on one of its ads. The Group recognizes as revenue the fees charged to advertisers each time a user clicks on one of the ads that appears next to the search results or content on the Group's websites.

- Revenue derived from the traffic operations in the Google AdSense program, a web advertising platform, in which Mitula is a Search Partner. Google pays to Mitula on a cost-per-click basis. The Group recognizes as revenue the fees paid to it by Google based on the volume of clicks through to Google AdSense advertisements.

- Other sources of revenue generation are through CPL (cost-per lead) and CPA (cost-per acquisition) associated with the sale of a range of advertising products. In addition, with the acquisition of Dot Property, revenues are generated by sale of listing and advertising products related with property portal business.

g. Other operating expenses

Other operating expenses includes the expenses associated with the operation of the data centre, including, labour, energy and other transaction fees related to processing customer transactions.

h. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability on a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

j. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired asset is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the profit or loss.

k. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

m. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

n. Investment and other financial assets

i. Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for ‘financial assets at fair value through profit or loss’ – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Interest income from financial assets at fair value through profit or loss is included in the net gains/ (losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

iv. Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

v. Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

o. Property, plant and equipment

Property, plant and equipment is recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred

The depreciation methods and periods used by the Group are disclosed as follow:

Item	**Useful life**
Fittings	3 - 4 years
Equipment	3 - 4 years
Furniture and others	10 years

p. Intangible assets

i. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not depreciated but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Computer Software and website development

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

These costs are amortised over their estimated useful lives between 3 or 4 years.

Cost incurred in acquiring new websites are recognised as intangibles assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Website developments have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using a straight-line method to allocate the cost of website developments over their estimated useful life, which is five years.

iii. Trademarks and licenses

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are depreciated over their estimated useful lives of 5 years.

iv. Customer relationships

Acquired customer relationships have a finite useful life and are carried at fair value at acquisition date less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which is five years.

q. Trade and other payable

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

r. Provisions

Provisions for professional and legal services obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

s. Employee benefits

i. Short-terms obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Purchase Plan. The fair value of shares granted under the Employee Share Purchase Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units (CGUs) are determined based on value-in-use calculations. These calculations require the use of assumptions for each CGU. Key assumptions are disclosed in note 12 b).

ii) Income taxes

The Group is subject to income taxes (and other similar taxes) in Australia and in a number of overseas jurisdictions. Judgement is required in determining the Group provision for income taxes.

There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4. Financial risk management and financial instruments

4.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

4.2 Foreign exchange risk

The Group operates globally in multiple currencies and is exposed to foreign exchange risk, primarily with respect to the Euro, US Dollar, Australian Dollar, Great British Pound, Indian Rupees, Brazil Real, Singapore Dollar, Thailand Baht and Philippine Peso. The Group does not use derivatives to hedge this risk. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

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Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	31 December 2016							
	EUR	**USD**	**GBP**	**BRL**	**INR**	**SGD**	**THB**	**PHP**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	2,044,064	1,377,486	325,730	402,465	645,045	63,628	180,338	-
Cash & cash equivalents	6,001,026	1,745,204	2,373,856	608,686	61,206	314,883	20,951	2,274
Trade payables	812,230	91,781	125,471	52,775	3,868	46,822	62,586	-
	8,857,320	**3,214,471**	**2,825,057**	**1,063,926**	**710,119**	**425,333**	**263,875**	**2,274**

	31 December 2015					
	EUR	**USD**	**GBP**	**BRL**	**INR**	**SGD**
	$	**$**	**$**	**$**	**$**	**$**
Trade receivables	1,560,598	731,135	343,612	192,012	651,122	-
Cash & cash equivalents	4,701,648	975,665	911,366	251,962	32,398	57,264
Trade payables	(756,639)	-	(39,764)	(36,070)	(33,036)	(933)
	5,505,607	**1,706,800**	**1,215,214**	**407,904**	**650,484**	**56,331**

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in EUR/$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates is shown below:

	Impact on post tax profit		**Impact on other components of equity**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	$	**$**	**$**	**$**
EUR/$ exchange rate – increase 10%*	745,154	612,983	745,154	612,983
EUR/$ exchange rate – decrease 10%*	(745,154)	(612,983)	(745,154)	(612,983)

* Holding all other variables constant

4.3 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables, the estimated impairment losses are recognised in a separate provision for impairment.

The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 6 months overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. See note 10(b) for disclosure analysis of impaired trade receivables.

In relation to banks and financial institutions, the Group operates with prestigious institutions, taking into consideration the ratings assigned independently when they are available.

4.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group presents a positive working capital of $24.2 million.

Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

Contractual maturities of financial liabilities

	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
At 31 December 2016							
Trade and other payables	1,478,790	-	-	-	-	1,478,790	1,478,790
	1,478,790	**-**	**-**	**-**	**-**	**1,478,790**	**1,478,790**
At 31 December 2015							
Trade and other payables	1,527,318	-	-	-	-	1,527,318	1,527,318
	1,527,318	**-**	**-**	**-**	**-**	**1,527,318**	**1,527,318**

4.5 Fair value estimations

The Group generally uses, when available, market rates to determine the fair value price, and that data is classified as Level 1. If these rates are not available, the fair value is estimated using a standard valuation model. When applicable, these models project cash flows and discount the future amounts using observable data at its present value; including interest rates, exchange rates, volatility, etc. The items evaluated using the previous data are classified in accordance with the lowest level of the data that is significant for the valuation. Therefore, an item could be classified as Level 3 even though some of its significant data are observable.

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

The table below analyses financial instruments carried at fair value, by valuation method.

	31 December 2016	31 December 2015
	$	$
Financial assets at fair value through profit or loss		
- Level 1	351,739	-
- Level 2	-	-
- Level 3	-	-
	351,739	**-**

	31 December 2016	31 December 2015
	$	$
Financial liabilities at fair value through profit or loss		
- Level 1	351,739	-
- Level 2	-	-
- Level 3	-	-
	351,739	**-**

The financial assets at fair value through profit or loss is the value of 98,683 shares of Only Apartments SA, a Spanish company listed in MAB (Alternative Trade Market in Spain) whose quoted price at 31 December 2016 was $3.56 per share (€2.24 per share). This financial asset was acquired as part of the Nuroa business combination (note 16.2). These shares are subject to an escrow agreement and cannot be sold in the short term. The amount obtained in the selling of these shares will be used to pay Nuroa vendors, conferring the Nuroa vendors the results of this operation and the changes in price suffered in the shares from the initial valuation, as a result there is recognized a liability of the same amount as “Other liabilities” (note 13).

5. Subsidiaries

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

Company name	Place of Business or Country of Incorporation	% Ownership interest held by the Group		Activity
		2016	2015	
Mitula Classified SL	Spain	100%	100%	Vertical search website operator
Lokku Limited	U.K.	100%	100%	Vertical search website operator
Mitula Group Pte Ltd	Singapore	100%	100%	Vertical search website operator
Mitula Classified China Limited	Hong Kong	100%	100%	Without activity
Nestoria UK Limited	U.K.	100%	100%	Without activity
Nestoria Australia Limited	U.K.	- (*)	100%	Vertical search website operator
Nestoria Spain SL	Spain	100%	100%	Vertical search website operator
Nestoria Brasil Buscador de Imoveris Ltda	Brazil	100%	100%	Vertical search website operator
Nestoria India Property Search Services Private Limited	India	99,99% (**)	83% (**)	Vertical search website operator
Dot Property Pte Ltd	Singapore	100%	-	Property portal network
Dot Property Co Ltd	Thailand	100%	-	Property portal network
Dot Property Philippines Inc	Philippines	100%	-	Property portal network

(*) During 2016 this subsidiary was liquidated.

(**) As of 31 December 2015 the Group had a minority shareholder in Nestoria India due to legal requirements of the country where the subsidiary operates. This stake has not been considered in the preparation of the consolidated financial statements of the Group, as the impact of it is non-significant (profit for year ended 31 December 2015 for minority shareholders adds to $4,000). During January 2016 Lokku Limited acquired the 16.99% of the shares of Nestoria India that was held by minority shareholder.

6. Segment information

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenue and incur expenses that relate to transactions with the consolidated entity's other components.

The operating segment results are regularly reviewed by the Chief Executive Officer who provides strategic decision and management oversight of the day to day activities in terms of monitoring results, providing approval for capital expenditure and approving strategic planning for the business.

(a) Description of segments

The Group's revenue is reported in three geographic segments: Americas, APAC and EMEA. The segments comprise of the following countries of operation:

- **Americas** – comprising: Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, USA, Venezuela and Panama.
- **APAC** – comprising: Australia, China, Hong Kong, Indonesia, India, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Thailand and Vietnam.
- **EMEA** – comprising: Austria, Belgium, France, Germany, Ireland, Italy, Morocco, Netherlands, Poland, Portugal, Romania, Russia, South Africa, Spain, Switzerland, Turkey, United Kingdom, UAE, Denmark, Sweden Kenya, Nigeria and Tunisia.

(b) Segment information provided to senior management

The segment information provided to senior management for the reportable segments for the year ended 31 December 2016 is as follows:

Consolidated entity	**AMERICAS**	**APAC**	**EMEA**	**Total**
Year ended 31 December 2016	**$**	**$**	**$**	**$**
Total revenue	7,527,885	6,818,644	13,676,459	28,022,988
Cost of sales	(538,424)	(832,049)	(2,144,834)	(3,515,307)
Gross profit	**6,989,461**	**5,986,595**	**11,531,625**	**24,507,681**
Gross profit percentage	**93%**	**88%**	**84%**	**87%**

The segment information provided to senior management for the reportable segments for the year ended 31 December 2015 is as follows:

Consolidated entity	**AMERICAS**	**APAC**	**EMEA**	**Total**
Year ended 31 December 2015	**$**	**$**	**$**	**$**
Total revenue	6,753,875	4,872,443	8,941,717	20,568,035
Cost of sales	(849,509)	(545,105)	(1,116,059)	(2,510,673)
Gross profit	**5,904,366**	**4,327,338**	**7,825,658**	**18,057,362**
Gross profit percentage	**87%**	**89%**	**88%**	**88%**

(c) Other segment information

(i) Segment revenue

There are no sales between segments. The revenue from external parties reported to senior management is measured in a manner consistent with that in the consolidated income statement.

(ii) Management Gross Profit

The senior management assesses the performance of the operating segments based on a measure of gross profit.

(iii) Segment assets

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

(iv) Segment liabilities

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

(v) Information about major customers

Revenue derived from the traffic operations in the Google AdSense program, contributed with $9.5 million to the Group's revenue (2015: $7.4 million). No other single customer contributed 10% or more to the Group's revenue for both 2016 and 2015.

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7. Expenses

	Note	31 December 2016 $	31 December 2015 $
Profit before income tax includes the following specific expenses:			
Employee benefits			
Salary costs		7,109,583	5,219,567
ESPP, STI and LTI	20	455,535	-
IPO expenses - Share-based payments	20	574,000	574,000
Total Employee benefits		**8,139,118**	**5,793,567**
Depreciation and amortisation			
Depreciation of property, plant and equipment	11	304,539	222,114
Loss on disposal	11	8,354	
Amortisation of other intangibles	12	1,661,400	881,384
Total Depreciation and Amortisation Expense		**1,974,293**	**1,103,498**
Finance cost			
Interest income on bank balances		(346,144)	(171,403)
Interest income financial assets at fair value		-	(1,454)
Interest income on loans to related parties		-	(5,231)
Interest on convertible shares		-	1,950,000
Interest expense on bank loans		29,493	-
Total Finance Cost / (Income)		**(316,651)**	**1,771,912**
Significant operating expenses			
Minimum lease payments under non-cancellable operating leases		428,523	384,456
Total significant operating expenses		**428,523**	**384,456**
Significant other expenses			
IPO expenses		-	1,246,449
Net foreign exchange loss / (income)		(208,483)	283,018
Total significant other expenses		**(208,483)**	**1,529,467**

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8. Income tax

a) Income tax expense

	Note	31 December 2016 $	31 December 2015 $
Current tax		1,985,852	2,036,625
Deferred tax	15	322,672	(238,687)
Income tax expense		**2,308,524**	**1,797,938**

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

	31 December 2016 $	31 December 2015 $
Profit before tax:	10,482,247	4,386,561
Income tax calculated at 30% (2015:30%)	3,144,674	1,315,968
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Deductions double imposition	(49,817)	(65,415)
Other non-deductible expenses	19,036	39,783
Share based Payments	172,200	172,200
Interest on convertible notes	-	585,000
Research and development tax credit	(67,064)	(63,736)
Capital expenses not deductible for tax purposes	-	373,935
Subtotal	**3,219,029**	**2,357,735**
Differences in overseas tax rates	(724,930)	(397,041)
Previously unrecognized tax losses	(131,053)	-
Tax losses not brought into account	20,918	37,020
Adjustments for current tax of prior periods	(75,440)	(199,776)
Total income tax expense	**2,308,524**	**1,797,938**

Tax losses not brought to account predominantly relate to corporate expenses in jurisdictions where it has been determined it is not probable that future taxable profits will be available to utilize the losses.

9. Cash and cash equivalents

	31 December 2016 $	31 December 2015 $
Cash on hand	-	6,296
Bank balances	20,462,205	20,996,637
	20,462,205	**21,002,933**

The carrying amounts of cash and cash equivalents by currency are as follows:

	31 December 2016 $	31 December 2015 $
Euro	6,001,026	4,701,648
Great Britain Pounds	2,373,856	911,366
Australian Dollar	9,334,119	14,072,630
US Dollar	1,745,204	975,665
Indian Rupees	61,206	32,398
Brazil Real	608,686	251,962
Singapore Dollar	314,883	57,264
Thailand Baht	20,951	-
Philippine Peso	2,274	-
	20,462,205	**21,002,933**

10. Trade and other receivables

	Note	31 December 2016 $	31 December 2015 $
Trade receivables		5,251,907	3,581,187
Provision for impairment of receivables	10 b)	(380,414)	(183,477)
		4,871,493	**3,397,710**
Loans and receivables to related parties	26	441,882	63,811
Other receivables		-	7,913
Short-term prepayments		105,924	50,874
Other receivable relating to Value-Added Tax		48,875	364,392
		596,681	**486,990**
		5,468,174	**3,884,700**

a) Fair value of trade and other receivables

Due to the short-term nature of these receivables, the fair value of trade and other receivables approximate their carrying amount.

b) Impaired trade receivables

The movement in the provision is as follows:

	31 December 2016 $	31 December 2015 $
Provision for impairment at the beginning of the financial year	(183,477)	(65,464)
Business combination - Lokku acquisition	-	(6,686)
Provision for impairment of receivables	(196,937)	(111,327)
Provision for impairment at the end of the financial year	**(380,414)**	**(183,477)**

Provision for impaired receivables has been included in “Operational Expenses” in the income statement. The amounts charged to the provision are written off when no more cash is expected to be recovered. Balances for which full provision has been made are also entirely for mature debt of more than six months standing.

As at 31 December 2016, trade receivables of $1,848,648 (2015: $890,927) were past due and not impaired. These relate to a number of independent customers and debtors for whom there is no recent history of default.

The ageing analysis of these trade receivables accounts is as follows:

	31 December 2016 $	31 December 2015 $
Up to 3 months	1,481,460	662,698
Between 3 and 6 months	250,441	228,229
More than 6 months	116,747	-
	1,848,648	**890,927**

c) Foreign exchange

The carrying amounts of trade receivables by currency are as follows:

	31 December 2016 $	31 December 2015 $
Euro	2,044,064	1,560,598
US Dollar	1,377,486	731,135
Australian Dollar	213,151	102,708
GBP	325,730	343,612
Brazil Real	402,465	192,012
Indian Rupees	645,045	651,122
Singapore Dollar	63,628	-
Thailand Baht	180,338	-
	5,251,907	**3,581,187**

11. Property, plant and equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
	$	$	$
At 1 January 2015			
Cost or fair value	-	628,369	628,369
Accumulated depreciation	-	(375,665)	(375,665)
Net book amount	-	252,704	252,704
Year ended 31 December 2015			
Opening net book amount	-	252,704	252,704
Exchange differences	-	103	103
Acquisition of subsidiary	-	44,485	44,485
Additions	231,816	422,032	653,848
Depreciation charge	(11,443)	(210,671)	(222,114)
Closing net book amount	220,373	508,653	729,026
At 31 December 2015			
Cost or fair value	231,816	1,094,989	1,326,805
Accumulated depreciation	(11,443)	(586,336)	(597,779)
Net book amount	**220,373**	**508,653**	**729,026**
Year ended 31 December 2016			
Opening net book amount	220,373	508,653	729,026
Exchange differences	(4,583)	(9,984)	(14,567)
Acquisition of subsidiary	-	71,371	71,371
Additions	6,553	420,087	426,640
Disposals (net of depreciation)	-	(8,354)	(8,354)
Depreciation charge	(23,621)	(280,918)	(304,539)
Closing net book amount	198,722	700,855	899,577
At 31 December 2016			
Cost or fair value	233,786	1,497,448	1,731,234
Accumulated depreciation	(35,064)	(796,593)	(831,657)
Net book amount	**198,722**	**700,855**	**899,577**

The main significant additions to property, plant and equipment in 2016 and 2015 were leasehold improvements, furniture, fittings and equipment acquired for the new offices in Madrid.

As of 31 December 2016 there are assets fully depreciated of $199,488 (2015: nil).

12. Intangible assets

	Goodwill	Customer relationships	Trademarks and licenses	Software and website development	Total
	$	$	$	$	$
Year ended 31 December 2015					
Opening net book amount	-	-	-	-	-
Exchange differences	-	-	-	6,892	6,892
Acquisition of business	-	-	-	102,346	102,346
Additions	5,086,057	6,359,064	1,228	107,377	11,553,726
Adjustments/Disposals	-	-	-	(11,154)	(11,154)
Amortisation charge	-	(847,875)	-	(33,509)	(881,384)
Closing net book amount	5,086,057	5,511,189	1,228	171,952	10,770,426
At 31 December 2015					
Cost or fair value	5,086,057	6,359,064	1,228	205,461	11,651,810
Accumulated amortisation and impairment	-	(847,875)	-	(33,509)	(881,384)
Net book amount	**5,086,057**	**5,511,189**	**1,228**	**171,952**	**10,770,426**
Year ended 31 December 2016					
Opening net book amount	5,086,057	5,511,189	1,228	171,952	10,770,426
Exchange differences	(89,354)	-	-	(24,366)	(113,720)
Acquisition of business	13,955,973	1,082,556	-	952,643	15,991,172
Additions	-	-	-	227,360	227,360
Amortisation charge	-	(1,452,239)	-	(209,161)	(1,661,400)
Closing net book amount	18,952,676	5,141,506	1,228	1,118,428	25,213,838
At 31 December 2016					
Cost or fair value	18,952,676	7,441,620	1,228	1,361,098	27,756,622
Accumulated amortisation and impairment	-	(2,300,114)	-	(242,670)	(2,542,784)
Net book amount	**18,952,676**	**5,141,506**	**1,228**	**1,118,428**	**25,213,838**

The additions to goodwill and customer relationships derived from the acquisition of Nuroa and Dot Property (see note 16).

For Nuroa and Dot Property, the net asset value and the allocation of the purchase price to acquired assets are still preliminary. In particular, the fair values assigned to intangible assets are still being assessed and may be subject to change. The acquisition accounting will be finalised within 12 months of the acquisition date.

Impairment test

Goodwill relates to 3 separate acquisitions:

	31 December 2016	31 December 2015
	$	$
Goodwill Lokku acquisition	5,086,057	5,086,057
Goodwill Nuroa acquisition	1,932,674	-
Goodwill Dot Property acquisition	11,933,945	-
Total Goodwill	**18,952,676**	**5,086,057**

The Nuroa Internet SL and Dot Property Pte Limited acquisitions occurred within the last 12 months and the acquisition accounting and associated goodwill remains preliminary. Due to the proximity of these acquisitions to year end the Group used a “fair value less cost to sell” model to assess the carrying value of the associated goodwill, considering recent market transactions and any indicator subsequent to year end. There are no factors that indicate a possible impairment in these investments.

On finalization of acquisition accounting goodwill is allocated to the Group’s three segments: Americas, EMEA and APAC. The segments are also considered to be the Group`s cash generating units (“CGU”).

a) Impairment test of intangible assets

The recoverable amount of goodwill arising from Lokku’s acquisition is determined by management based on a value-in-use calculation. The Group has determined its Cash Generating Units CGU by segments, having allocated goodwill intangibles balances arising from Lokku’s acquisition as follows:

	Goodwill	Intangible Assets	Total
	$	$	$
EMEA	3,394,016	2,829,010	**6,223,026**
APAC	1,295,608	1,079,927	**2,375,535**
Americas	396,433	330,439	**726,872**
Total	**5,086,057**	**4,239,376**	**9,325,433**

b) Key assumptions

The recoverable amount has been determined based on a value in use using cash flow projections based on financial forecasts prepared by senior management for a 5-year period, using 1% growth rate and being the pre-tax discount rates determined with market information, considering cost of money and incorporating CGU specific risks.

	Real terminal growth value	Pre-tax discount rate
EMEA	0.5%	10%
APAC	0.5%	12%
Americas	0.5%	15%

c) Impact of possible changes in key assumptions

The directors and management have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount to exceed the amount.

13. Other non-current financial assets and liabilities

	31 December 2016 $	31 December 2015 $
Investments	1,462	1,462
Lease guarantee	194,755	165,064
Financial assets at fair value through profit or loss	351,739	-
	547,956	**166,526**
Financial liabilities at fair value through profit or loss	(351,739)	-
	(351,739)	**-**

The main lease guarantee is a deposit paid by the Group as guarantee to the lessor of the offices that the Group has in Madrid (Spain). This office is leased under non-cancellable operating leases expiring within five years. However, after three years the Group can cancel the lease with a 6 month notice (see note 25).

14. Trade and other payables

	Note	31 December 2016	31 December 2015
		$	$
Trade payables		997,730	1,039,961
Amounts due to related parties	26	145,630	191,147
Employee liabilities		32,140	44,074
Other payables to tax authorities		303,290	252,136
		1,478,790	**1,527,318**

The carrying amounts of trade and other payables are the same as their fair value, due to their short-term nature,

15. Deferred tax balances

a) Deferred tax assets

	31 December 2016	31 December 2015
	$	$
The balance comprises temporary differences attributable to:		
Intangible assets	148,117	-
Bonus accrual	53,663	4,409
Total deferred tax assets	**201,780**	**4,409**

Movements	**Losses Carry Forward**	**Intangible Assets**	**Bonus accrual**	**Total**
	$	$	$	$
At 1 January 2015	-	-	-	-
(Charged)/credited:				
- to profit or loss	-	-	(53,375)	(53,375)
- to other comprehensive income	-	-	-	-
Acquisition of subsidiary	**-**	**-**	57,784	57,784
At 31 December 2015	-	-	**4,409**	**4,409**
(Charged)/credited:				
- to profit or loss	(818,062)	(54,682)	49,254	(823,490)
- to other comprehensive income	-	-	-	-
Acquisition of subsidiary	818,062	202,799	-	1,020,861
At 31 December 2016	**-**	**148,117**	**53,663**	**201,780**

b) Deferred tax liabilities

	31 December 2016	31 December 2015
	$	$
The balance comprises temporary differences attributable to:		
Property, plant and equipment	14,754	32,268
Intangibles - Customer Relationships	1,780,612	1,653,356
Total deferred tax liabilities	**1,795,366**	**1,685,624**

Movements	**Property, Plant and Equipment**	**Intangibles - Customer Relationships**	**Total**
	$	$	$
At 1 January 2015	69,967	-	69,967
Charged/(credited):			
- to profit or loss	(37,699)	(254,363)	(292,062)
- to other comprehensive income	-	-	-
Acquisition of subsidiary	-	1,907,719	1,907,719
At 31 December 2015	**32,268**	**1,653,356**	**1,685,624**
Charged/(credited):			
- to profit or loss	(17,514)	(483,304)	(500,818)
- to other comprehensive income	-	-	-
Acquisition of subsidiary	-	610,560	610,560
At 31 December 2016	**14,754**	**1,780,612**	**1,795,366**

16. Business combinations

16.1 Prior period acquisition: Lokku

On 8 May 2015, the Company acquired 100% of the issued share capital of Lokku Limited. Lokku owns and operates a network of 13 real estate vertical search Websites in 9 countries. Details of this business combination were disclosed in note 17 of the Group`s annual financial statements for the year ended 31 December 2015. The net asset values and allocation of purchase price to acquired assets has been finalized during the half year. There were no material adjustments to the initial accounting values.

16.2 Current period acquisition – Nuroa

On 29 February 2016, the Mitula Classified SL acquired 100% of the issued share capital of Nuroa Internet SL. The total purchase consideration was approximately $3.28 million (€2.14 million), which has been funded from its existing cash reserves by new shares issued by Mitula Group Ltd (see note 18).

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

After the acquisition Nuroa was merged into Mitula Classified SL. The allocation of the goodwill will be finalized within 12 months of the acquisition date. This merger was undertaken to exploit the synergies of the two businesses.

a) Purchase consideration

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

Cash consideration payable to the Nuroa vendors comprised of €2.14 million ($3.28 million). The total amount included $444,148 of deferred consideration payable in shares of Only Apartments SA, a Spanish company listed in MAB (Alternative Trade Market from Spain). Those shares are shown as “Financial assets at fair value through profit or loss” (see note 13). The amount obtained in selling these shares will be used to pay Nuroa vendors.

The assets and liabilities acquired are as follows:

	$
Cash and cash equivalents	134,180
Trade and other receivables	331,553
Plant and equipment	6,741
Investments	356,233
Trade and other payables	(99,522)
Tax liabilities	(49,993)
Borrowings	(1,868,797)
Net liabilities	(1,189,605)
Goodwill	2,022,028
Deferred tax Assets	1,020,861
Deferred tax liability	(610,560)
Internally developed software	952,643
Customer relationships	1,082,556
Net assets acquired	**3,277,923**

The borrowings balance relates to loans received by Nuroa Internet SL from Public Institutions located in Spain. Mitula Classified SL has repaid all the loans during the period. The movement of the period is:

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

Acquisition related costs of this business combination amounts to $65,302.

b) Preliminary accounting for the acquisition

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

c) Purchase consideration – cash outflow

	$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,754,708
Less: cash balance acquired	(134,180)
Net outflow of cash – investing activities	**2,620,528**

16.3 Current period acquisition – Dot Property

On 2 September 2016, the Group acquired 100% of the issued share capital of Dot Property Private Limited. Dot Property operates 10 property portals across nine South East Asian countries. The strategic acquisition of Dot Property will increase Mitula Group monetization of property based visits in those countries.

a) Purchase consideration

	$
Cash	4,303,309
Working capital adjustment	647,095
Issue of new shares	4,827,624
Shares deferred payment	2,605,706
Total purchase consideration	**12,383,734**

The consideration paid for this acquisition was $12,383,734, consisting of $4,950,404 in cash and 6,696,691 Mitula Group Limited shares at an implied issue price of $1.11 per share. All share-based consideration will be subject to voluntary escrow arrangements and, furthermore, 40% of the share-based consideration provided to the sellers will be deferred and issued in 2 tranches over a 2-year period.

The assets and liabilities acquired are as follows:

	$
Cash and cash equivalents	655,670
Trade and other receivables	176,877
Plant and equipment	64,628
Trade and other payables	(403,052)
Provisions	(41,135)
Tax liabilities	(3,199)
Net assets	449,789
Goodwill	11,933,945
Net assets acquired	**12,383,734**

The goodwill is attributable to the workforce, Dot Property's position in a South East Asian market, its customer database, the high profitability of the business and synergistic benefits expected to be created by this acquisition. Goodwill is not expected to be deductible for tax purposes.
Acquisition related costs of this business combination amount to $112,949.

b) Initial accounting

Both the net asset value and the allocation of the purchase price to acquired assets are still preliminary. In particular, the fair values assigned to intangible assets are still being assessed and may be subject to change. The acquisition accounting will be finalised within 12 months of the acquisition date.

c) Purchase consideration – cash outflow

	31 December 2016
	$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	4,303,309
Working capital adjustment	647,097
Total purchase consideration	4,950,406
Less: cash balance acquired	655,670
Net outflow of cash – investing activities	**4,294,736**

In September 2016 Mitula Group Ltd borrowed $3.3 million from Westpac Bank to make the cash payment needed in the Dot Property acquisition. This amount was paid back in December 2016.

17. Capital risk management policy

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

18. Contributed equity

(a) Share capital

	31 December 2016		
	Notes	**Number of shares**	**$**
Ordinary shares			
Ordinary shares fully paid	18b)	213,168,412	32,136,903

(b) Movements in ordinary share capital

Date	**Details**	**Notes**	**Number of shares**	**Issue price**	**$**
1 January 2015	Opening balance		3,436	1.49	5,121
11 March 2015	Incorporation of Mitula Group		12	1.00	12
24 March 2015	Share Split		340,164	-	-
17 April 2015	Capital reorganization		171,456,400	-	(5,121)
1 July 2015	New shares issued		19,360,000	0.75	14,520,000
1 July 2015	New shares convertible notes holders		13,000,000	0.75	9,750,000
1 July 2015	New shares Lokku vendors first option		800,000	0.75	600,000
30 September 2015	New shares Lokku vendors second option		3,777,677	0.98	3,683,235
			208,737,689	-	28,553,247
	Transaction costs on share issue		-	-	(1,323,035)
	Closing balance		**208,737,689**	**-**	**27,230,212**
1 January 2016	Opening balance		208,737,689	-	27,230,212
16 March 2016	New shares Nuroa vendors	a)	81,512	0.97	79,067
2 September 2016	New shares Dot Property vendors	b)	4,349,211	1.11	4,827,624
	Closing balance		**213,168,412**	**-**	**32,136,903**

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

b) Pursuant to the terms of the acquisition agreement between Mitula Group Ltd and Dot Property vendors, the Dot Property vendors received 4,349,211 shares at a price of $1.11 per share on September 2016 as part of the payment of the price agreed in the purchase and sale agreement.

19. Other reserves

	31 December 2016 $	31 December 2015 $
Other Reserves	-	-
Share-based payments	1,603,535	574,000
	1,603,535	**574,000**
Movements:		
Other Reserves		
Opening balance	-	446,460
Capital reorganization	-	(446,460)
Closing balance	**-**	**-**
Share-based payments		
Opening balance	574,000	79,957
Capital reorganization - liquidation previous share plan	-	(79,957)
Share-based payment expense	1,029,535	574,000
Closing balance	**1,603,535**	**574,000**

20. Share-based payments

a) 2016 Share-based plans

The Mitula Group has determined to implement a share based payment plan in order to recognize the contribution of each employee to the continued growth and success of the Group, and also to attract, motivate and retain employees.

In order to achieve this, the Group has implemented this via three elements as follows.
:

- *Employee Share Purchase Plan:* The plan will be available for all employees with at least 1 years' service which will be entitled to contribute 2.5% of their base remuneration to acquire shares in Mitula Group Limited. The plan operates since 1 July 2016. For each share purchase, the participant receives a right to acquire a “matched share". The plan operates on a half year basis and it is voluntary and individual. Group consider for the calculation that 85% of the eligible employee at the year-end will join to plan with a 2.5% percent of their fixed salary.

- *Short Term Incentive:* This plan will be available for middle management and key personnel. Vesting conditions are related to the achievement of relevant KPIs (EBITDA and Revenues), and the company will give a number of shares. The conditions are individual for every employee under this program.

The STI will be delivered in shares with exercise price of $0, having a vesting period of 6 months for 2016 starting the 1st of July. The amount estimated is based in achieving 100% of the relevant KPIs, and share value price of $0.95, delivering 377,000 shares.

- *Long Term Incentive:* This plan will be offered to senior executives and key personnel with the purpose to retain and promote loyalty among the existing talent in the company over a long period of time. Senior executives will be subjected to relevant KPIs performance and share value quotation. The LTI will be delivered in shares equivalent to a percentage of the fixed salary of the eligible employee. The amount has been calculated based in the followings estimations:

  - Total amount LTI per year: $481,434.
  - Estimated 100% achievement of relevant KPIs.
  - Vesting period 2-3 years from 1 July 2016.

The breakdown of these expenses is shown below:

	31 December 2016 $	31 December 2015 $
ESPP	35,743	-
Short Term Incentive	179,075	
Long Term Incentive	240,717	-
Total Shared-based plan	**455,535**	**-**

b) 2015 Share-based plans related to the IPO

During 2015 the Group granted 2,800,000 options to its directors and senior management as part of the IPO remuneration. The options are exercisable from 1 July 2016 and lapse on 30 June 2018. The exercise price is $0.40 per option.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Average exercise price per share option	Options	Average exercise price per share option	Options
At 1 January	$0.40	2,800,000	-	-
Granted during the year	-	-	$0.40	2,800,000
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
At 31 December	**$0.40**	**2,800,000**	**$0.40**	**2,800,000**
Vested and exercisable at 31 December	**$0.40**	**2,800,000**	-	-

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

				Share options	
Grant date	**Vest date**	**Expiry date**	**Exercise price**	**31 December 2016**	**31 December 2015**
30 June 2015	1 July 2016	1 July 2018	$ 0.40	2,800,000	2,800,000
				2,800,000	**2,800,000**

The Group estimated the fair value of this option is $0.41 per option, for a total amount of $1,148,000. This amount was recognised as an expense into the income statement on a monthly basis from the grant date to the vesting date.

Total expenses arising from share-based payment transactions recognised during the period was $574,000 (2015: $574,000).

The assessed fair value at grant date of options granted during the year ended 31 December 2015 was $0.41 per option. The fair value at grant date is independently determined using an adjusted form of the Longstaff-Schwartz (LS) Method which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 December 2015 included:

Parameter	Value as of 30 June 2015
Underlying Volatility (annualized)	44%
Risk Free Rate	2.331%
Dividend Yield	0%
Strike	0.4 AUD/Share
Spot	0.75 AUD/Share

21. Dividends

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

22. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The calculation of earnings per share was based on the information as follows:

(a) Basic and diluted earnings per share

	31 December 2016 Cents per share		31 December 2015 Cents per share	
	Basic	**Diluted**	**Basic**	**Diluted**
From continuing operations attributable to the ordinary equity holders of the Group	3.62	3.58	1.37	1.36

(b) Reconciliations of earnings used in calculating earnings per share

	31 December 2016 $	31 December 2015 $
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	8,173,723	2,588,623
From discontinued operation	-	-
	8,173,723	**2,588,623**
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Group:		
Used in calculating basic earnings per share	8,173,723	2,588,623
Add / (Less)	-	-
Used in calculating diluted earnings per share	8,173,723	2,588,623
From discontinued operation	-	-
Profit attributable to the ordinary equity holders of the Group used in calculating diluted earnings per share	**8,173,723**	**2,588,623**

(c) Weighted average number of shares used as denominator

	31 December 2016 Number of shares	31 December 2015 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	210,232,330	189,167,026
Weighted average of potential dilutive ordinary shares:		
- options	2,800,000	1,400,000

Weighted average number of shares used as denominator in calculating diluted EPS	213,032,330	190,567,026

23. Key management Personnel disclosures

Key management personnel (KMP) are those people having authority and responsibility for planning, directing and controlling the activities of the consolidated entity. The following Directors and other key management personnel were considered KMP for the entire period unless otherwise stated.

Non-Executive Directors

Simon Baker	Independent Non-Executive Chairman
Gonzalo Ortiz	Non-Executive Director
Joe Hanna	Independent Non-Executive Director
Sol Wise	Independent Non-Executive Director

Executive Directors

Gonzalo del Pozo	Chief Executive Officer and Executive Director

Other Key Management Personnel

Ricardo Gómez de Olea	Chief Financial Officer
Marcelo Badimón	Chief Operations Officer

a) Key management personnel compensation

	31 December 2016	**31 December 2015**
	$	**$**
Short-term employee benefits	1,227,318	863,333
Share-based payments	840,000	574,000
Long-term benefits	0	4,275
	2,067,318	**1,441,608**

24. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

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a) PricewaterhouseCoopers Australia

	31 December 2016 $	31 December 2015 $
Audit and other assurance services		
Audit and review of financial statements	83,530	116,700
Other assurance services:		
- Due diligence services	-	70,000
Total remuneration for audit and other assurance services	**83,530**	**186,700**
Taxation services		
Tax consulting services and advice in relation to IPO	-	82,500
Total remuneration for taxation services	**-**	**82,500**
Other services		
Consulting services in relation to the IPO	-	320,000
Total remuneration for other services	**-**	**320,000**
Total remuneration of PricewaterhouseCoopers Australia	**83,530**	**589,200**

b) Network firms of PricewaterhouseCoopers Australia

	31 December 2016 $	31 December 2014 $
Audit and other assurance services		
Audit and review of financial statements	180,497	223,337
Other assurance services:		
- Due diligence services	107,945	-
Total remuneration for audit and other assurance services	**288,442**	**223,337**
Taxation services		
Tax consulting services	28,018	-
Total remuneration for taxation services	**28,018**	**-**
Other services		
Consulting services	47,541	-
Total remuneration for other services	**47,541**	**-**
Total remuneration of network firms of PricewaterhouseCoopers Australia	**364,001**	**223,337**

25. Commitments

a) Non-cancellable operating leases

The Group's main office is in Madrid (Spain). This office is leased under non-cancellable operating leases expiring within five years. However, after three years the Group can cancel the lease with 6 month notice. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31 December 2016 $	31 December 2015 $
Within one year	231,190	199,450
Later than one year but not later than five years	54,519	262,966
Later than five years	-	-
	285,709	**462,416**

26. Related party transactions

a) Subsidiaries

Interests in subsidiaries are set out in note 5.

b) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

c) Transactions with related parties

The following transactions occurred with related parties:

	31 December 2016 $	31 December 2015 $
Sales and purchases of goods and services		
Sale of services to entities controlled by key management personnel	530,860	121,681
Purchase of management services from entities controlled by key management personnel	1,305,911	1,548,351
Purchases of website from entities controlled by key management personnel	-	107,377
Purchases of various services from entities controlled by key management personnel	162,936	133,075
Superannuation contributions	-	4,275

Purchase of shares in Dot Property held by key management personnel	752,920	-

d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December 2016	31 December 2015
	$	$
Receivables from related parties (note 10):		
Entities controlled by key management personnel	441,882	63,811
Payables to related parties (note 14):		
Entities controlled by key management personnel	145,630	191,147

e) Loans to related parties

	31 December 2016	31 December 2015
	$	$
Loans to key management personnel		
Beginning of the year	-	372,584
Loans advanced	-	-
Loan repayments received	-	(372,584)
Interest charged	-	1,587
Interest received	-	(1,587)
End of year	**-**	**-**
Loans to other related parties		
Beginning of the year	-	153,382
Loans advanced	-	-
Loan repayments received	-	(149,089)
Interest charged	-	3,644
Interest received	-	(7,937)
End of year	**-**	**-**

f) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to key management personnel are generally for period of 1 year repayable in one instalment at interest rates of 5% per annum.

Services were provided to other related parties during the year based on the price lists in force and terms that would be available to third parties. Management services were bought from the immediate parent entity on a cost-plus basis, allowing a margin of 10% (2015 – 10%). All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

27. Contingencies

The Group had no contingent liabilities at 31 December 2016 (2015: nil).

28. Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities:

	31 December 2016 $	31 December 2015 $
Profit for the period	8,173,723	2,588,623
Adjustments for		
Depreciation and amortisation	1,974,293	1,103,498
Impairment trade receivables	196,937	111,327
Non-cash employee benefits expense-share based payments	574,000	574,000
Shared-based plan – ESPP, STI a LTI	455,535	-
Financial expense of convertible notes	-	1,950,000
Net exchange differences	146,978	(212,931)
Change in operating assets and liabilities, net of effects from Business combination:		
(Increase)/decrease in trade debtors	(1,149,794)	(806,836)
Increase/(Decrease) in trade creditors	(595,438)	542,555
(Increase)/Decrease in other operating assets	(95,390)	(77,697)
Increase/(Decrease) in income taxes payable	(1,076,805)	(655,943)
(Increase)/Decrease in deferred tax assets	823,490	53,375
Increase/(Decrease) in deferred tax liabilities	(500,818)	(292,062)
Net cash inflow (outflow) from operating activities	**8,926,711**	**4,877,909**

29. Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	31 December 2016 $	31 December 2015 $
Balance Sheet		
Current Assets	10,259,793	14,315,363
Non-current assets	25,183,591	12,705,416
Total assets	**35,443,384**	**27,020,779**
Current liabilities	874,444	340,722
Non-current liabilities	797,807	784,656
Total liabilities	**1,672,251**	**1,125,378**
Net assets	**33,771,133**	**25,895,401**
Shareholders' Equity		
Issued capital	32,136,903	27,135,770
Other reserves	2,205,333	2,781,269
	34,342,236	**29,917,039**
Profit or loss for the period	**(571,103)**	**(4,021,638)**
Total comprehensive income	**(571,103)**	**(4,021,638)**

b) Guarantees entered into by the parent entity

The parent entity has not provided financial guarantees as at 31 December 2016 (2015: nil).

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2016 (2015: nil). For information about guarantees given by the parent entity, please see above,

d) Contractual commitments for the acquisition of property, plant or equipment

There are no contractual commitments.

e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

30. Events occurring after the reporting period

No events have taken place after the year end, affecting the content of the financial statements for the year.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 13 to 57 are in accordance with *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date, and

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

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

Simon Baker
Chairman

Dated this 27 February 2017