Rule 4.2A.3

Appendix 4D

Mitula Group Limited

ABN 82 604 677 796

Results for announcement to the market

Half year report
Period ended 30 June 2018

(Previous corresponding period: 6-month period ended 30 June 2017)

		30 Jun 2018 A$'000	% Change from 6 months ended 30 Jun 2017	30 Jun 2017 A$'000
Revenue from ordinary activities	Up	21,296.2	35.5 %	15,713.6
Profit from ordinary activities after tax attributable to members	Down	1,351.8	(47.2)%	2,558.8
Profit for the period attributable to members	Down	1,351.8	(47.2)%	2,558.8

Dividend information

The Group is not proposing to pay dividends

Explanatory Notes

1. For explanation of the figures reported above or other item(s) of importance not previously released to the market, please refer to the attached Interim Financial Report (which incorporates the Directors' Report and Financial Statements) for explanations.

2. On the 9th of May 2018, the Company announced it had entered into a binding Scheme Implementation Deed with LIFULL Co. Ltd ("LIFULL") of Japan (a company listed on the Japan Stock Exchange under the code TSE: 2120), to merge the operations of the Company and LIFULL's wholly owned subsidiary Trovit (an online aggregator) to create a leading global online classifieds and marketplaces group.

The transaction has yet to be approved by the Mitula Group´s Shareholders and this is planned to occur during October 2018. In addition, the scheme remains subject to other terms and conditions including the Supreme Court Approval.

Details of the Scheme Implementation Deed can be read on https://www.asx.com.au/asx/share-price-research/company/MUA.

Net tangible assets per ordinary security	**Current period**	**Previous corresponding period to 30/06/17**
Net tangible assets	21,491,559	13,532,825
Net assets	59,549,705	52,298,606
Issued share capital at reporting date	35,096,233	33,086,776
Number of shares on issue at reporting date	218,356,884	214,233,142
Net tangible assets per ordinary security	0.10	0.06
Net assets per ordinary security	0.27	0.24

Acquisitions and divestments

No acquisitions or divestments had taken place during the period.

Accounting Standards

The financial report has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

This report is based on the consolidated interim Financial Report for the 6-month period ended 30 June 2018 which has been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the Interim Financial Report.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES
ACN 604 677 796

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2018

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Interim Financial Report for the half year ended 30 June 2018

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MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mitula Group Limited ("the Company") and its controlled entities ("the Group"), for the half year ended 30 June 2018 and the Auditor's Review Report.

Directors

The following persons were directors of Mitula Group Limited during the half year and up to the date of this report:

Simon Baker	Independent Non-Executive Chairman
Gonzalo del Pozo	Chief Executive Officer and Executive Director
Gonzalo Ortiz	Non-Executive Director
Joseph Hanna	Independent Non-Executive Director
Sol Wise	Independent Non-Executive Director
Georg Chmiel	Independent Non-Executive Director

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.

Significant Changes in State of Affairs

On the 9th of May 2018, the Company announced it had entered into a binding Scheme Implementation Deed with LIFULL Co. Ltd ("LIFULL") of Japan (a company listed on the Japan Stock Exchange under the code TSE: 2120), to merge the operations of the Company and LIFULL's wholly owned subsidiary Trovit (an online aggregator) to create a leading global online classifieds and marketplaces group.

The transaction has yet to be approved by the Mitula Group´s Shareholders and this is planned to occur during October 2018. In addition, the scheme remains subject to other terms and conditions including the Supreme Court Approval.

Details of the Scheme Implementation Deed can be read on https://www.asx.com.au/asx/share-price-research/company/MUA.

Terms used in this Report

The following terms, when used in this Directors' report, have these meanings:

- **EBITDA**: earnings before interest, tax, depreciation, amortisation and foreign exchange differences.
- **Adjusted EBITDA**: EBITDA adjusted for additional non-IFRS financial information which management believe is useful in measuring the performance of the Group.
- **EBT**: Earnings before taxes, equivalent to Profit before tax.
- **NPAT**: Net profit after tax, equivalent to Profit after tax.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

Review of Operations

$' 000	30 June 2018	30 June 2017	Variance
Revenue	**21,296**	**15,714**	**35.5%**
- AMERICAS	4,622	3,482	32.7%
- APAC	3,805	3,836	-0.8%
- EMEA	12,869	8,396	53.3%
Operating Expenses Adjusted	(15,710)	(10,549)	48.9%
Adjusted EBITDA	**5,586**	**5,165**	**8.2%**
Adjusted EBITDA Margin	*26.2%*	*32.9%*	-20.2%
Net cash flow from operations	7,076	4,907	44.2%
Cash balance (end of period)	20,757	10,877	90.8%

First half revenues for the Mitula Group increased by 35.5 percent over the previous corresponding period to $21.3 million. Strong growth was experienced in both the EMEA and Americas regions while the APAC region remained flat during the first half year.

Net cash flow from operations improved by 44.2 percent over the previous corresponding period to $7.1 million with the cash on hand balance improving to $20.8 million at the end of the half year.

Reconciliation of Profit before tax to EBITDA and Adjusted EBITDA

$'000	30 June 2018	30 June 2017
Profit Before Tax	**2,132**	**3,598**
Depreciation & Amortisation	2,051	1,107
Net Finance (Income) / Expense	(23)	(22)
Net Foreign Exchange (Gains) / Losses	203	722
Rounding	1	-
EBITDA	**4,364**	**5,405**
Share based program STI & LTI expenses	759	(240)
LIFULL scheme expenses	463	-
Adjusted EBITDA	**5,586**	**5,165**
Adjusted EBITDA Margin	**26.2%**	**32.9%**

Adjusted EBITDA has been used to provide a better comparison with previous period. EBITDA has been adjusted for expenses related to the Scheme Implementation Deed negotiated with LIFULL for the acquisition of the Mitula Group Limited and for share based payments.

Over the first half, the Company incurred expenses related to the Scheme Implementation Deed of $463,157 mainly related to accounting, legal and advisory services.

The Company also incurred expenses related to shared based programs (STI/LTI) of $759,303. The Company has estimated that 64% of this expense is explained by the impact of the LIFULL agreement on the share value of the Mitula Group.

Directors' Report

Reconciliation of Operating Expenses:

$' 000	30 June 2018	30 June 2017
Costs of sales	(7,508)	(3,373)
Employee benefit expenses	(6,177)	(3,993)
Operating expenses	(1,280)	(978)
Technology expenses	(632)	(887)
Office expenses	(578)	(558)
Corporate expenses	(757)	(519)
Rounding	-	(1)
Total Operating Expenses	**(16,932)**	**(10,309)**
Share based program STI & LTI expenses	759	(240)
LIFULL scheme expenses	463	-
Total Operating Expenses Adjusted	**(15,710)**	**(10,549)**

The Company has increased operating expenses during the first half of 2018 by 64.2 percent. The key drivers of this increase are:

- A full six months of Kleding (Fashiola) related expenses being accounted for while in 2017, only 4 months where included due to the Company being acquired at the end of February 2017;
- The inclusion of $463k of costs associated with the acquisition of the Mitula Group by LIFULL;
- An increase of $999k in share based STI and LTI expenses, primarily inflated by the sharp increase in the Mitula Group share price caused by the offer from LIFULL;
- An increase in the average number of employees in the first half of 2018 compared to the first half of 2017; and.
- An increase in the costs of sales in particular due to the identification of positive arbitrage opportunities related to the purchase of traffic.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

Dividends

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

Subsequent events

There were no subsequent events after the reporting period occurred.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Director`s Reports) Instrument 2018/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Directors' Report is made in accordance with a resolution of directors.

Simon Baker
Chairman

Dated this 21st August 2018

Auditor's Independence Declaration

As lead auditor for the review of Mitula Group Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mitula Group Limited and the entities it controlled during the period.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
21 August 2018

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MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Statement of Comprehensive Income
For the half year ended 30 June 2018

	Notes	30 June 2018 $	30 June 2017 $
Revenue	8	21,296,182	15,713,570
Cost of sales	8	(7,507,616)	(3,373,169)
Gross profit		**13,788,566**	**12,340,401**
Employee benefit expenses		(6,177,463)	(3,993,067)
Operating expenses		(1,279,764)	(977,687)
Technology expenses		(632,358)	(887,311)
Office expenses		(577,790)	(557,786)
Corporate expenses		(757,333)	(519,115)
Earnings before interest, tax, depreciation and amortization and foreign exchange differences		**4,363,858**	**5,405,435**
Depreciation and amortisation expense		(2,051,283)	(1,107,110)
Net finance income		22,807	21,594
Net exchange rates differences		(203,075)	(721,946)
Profit before income tax		**2,132,307**	**3,597,973**
Income tax expense	9	(780,518)	(1,039,170)
Profit for the half year		**1,351,789**	**2,558,803**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		625,625	172,202
Other comprehensive income for the period		**625,625**	**172,202**
Total comprehensive income for the period		**1,977,414**	**2,731,005**
Total comprehensive income attributable to owners		**1,977,414**	**2,731,005**
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share	14	0.63	1.20
Diluted earnings per share	14	0.63	1.18

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Balance Sheet
As at 30 June 2018

	Notes	30 June 2018 $	31 December 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		20,756,710	13,140,802
Trade and other receivables		9,123,730	7,711,397
Current tax assets		-	212,798
Other current assets		3,691	15,181
Total current assets		**29,884,131**	**21,080,178**
Non-current assets			
Property, plant and equipment	6	849,205	922,846
Goodwill	7	27,938,895	27,882,478
Other intangible assets	7	10,119,251	11,420,575
Other non-current financial assets	5	518,206	521,368
Deferred income tax asset		134,573	180,671
Total non-current assets		**39,560,130**	**40,927,938**
Total assets		**69,444,261**	**62,008,116**
LIABILITIES			
Current liabilities			
Trade and other payables		5,504,046	2,329,330
Current tax liabilities		1,598,825	799,066
Total current liabilities		**7,102,871**	**3,128,396**
Non-current liabilities			
Other liabilities	5	280,177	294,050
Deferred tax liability		2,511,508	2,900,797
Total non-current liabilities		**2,791,685**	**3,194,847**
Total liabilities		**9,894,556**	**6,323,243**
Net assets		**59,549,705**	**55,684,873**
EQUITY			
Contributed equity	12	35,096,233	33,826,233
Other equity	11	1,302,853	1,302,853
Reserves	11	1,943,051	1,263,383
Retained earnings	11	20,044,648	18,755,109
Foreign currency translation reserve		1,162,920	537,295
Total equity		**59,549,705**	**55,684,873**

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity
For the half year ended 30 June 2018

Consolidated entity	Notes	Contributed equity $	Other equity $	Other reserves $	Retained earnings $	Foreign translation Reserve $	Total equity $
Balance at 1 January 2017		**32,136,903**	**2,605,706**	**1,603,535**	**12,913,992**	**(366,950)**	**48,893,186**
Profit for the period		-	-	-	5,277,721	-	5,277,721
Other comprehensive income		-	-	-	-	904,245	904,245
Total comprehensive income for the period		**-**	**-**	**-**	**5,277,721**	**904,245**	**6,181,966**
Transactions with owners in their capacity as owners:							
Shares granted on business acquisition issued		1,629,457	(1,302,853)	-	563,396	-	890,000
Share based payments		59,873	-	(340,152)		-	(280,279)
Balance at 31 December 2017		**33,826,233**	**1,302,853**	**1,263,383**	**18,755,109**	**537,295**	**55,684,873**
Balance at 1 January 2018		**33,826,233**	**1,302,853**	**1,263,383**	**18,755,109**	**537,295**	**55,684,873**
Profit for the period		-	-	-	1,351,789	-	1,351,789
Other comprehensive income		-	-	-	-	625,625	625,625
Total comprehensive income for the period		-	-	-	**1,351,789**	**625,625**	**1,977,414**
Transactions with owners in their capacity as owners:							
Issue of new shares IPO options	12	1,120,000	-	-	-	-	1,120,000
Issue of new shares in lieu of Directors fees for prior year	12	150,000	-	(87,750)	(62,250)	-	-
Share-based payments		-	-	767,418	-	-	767,418
Balance at 30 June 2018		**35,096,233**	**1,302,853**	**1,943,051**	**20,044,648**	**1,162,920**	**59,549,705**

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

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Statement of Cash Flows
For the half year ended 30 June 2018

	Notes	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and service tax)		21,372,811	16,989,354
Payments to suppliers and employees (inclusive of goods and service tax)		(14,193,422)	(11,297,962)
		7,179,389	5,691,392
Cost associated with acquisition of subsidiary	10.1	-	(117,105)
Income tax paid		(126,342)	(688,927)
Interest paid		(6,724)	-
Interest received		29,531	21,594
Net cash flows from operating activities		**7,075,854**	**4,906,954**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	10.1	-	(13,649,477)
Payments for other financial assets	5	(10,711)	(15,884)
Payments for property, plant and equipment	6	(116,782)	(66,942)
Payments for other intangibles	7	(452,453)	(759,947)
Net cash flows from investing activities		**(579,946)**	**(14,492,250)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	12	1,120,000	-
Net cash flows from financing activities		**1,120,000**	**-**
Net increase / (decrease) in cash and cash equivalents		**7,615,908**	**(9,585,296)**
Cash and cash equivalents at the beginning of the half year		13,140,802	20,462,205
Cash and cash equivalents at end of the half year		20,756,710	10,876,909

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

1. Basis of preparation of interim report

This condensed interim financial report for the 6-month period ended 30 June 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by Mitula Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial report has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value.

The accounting policies applied by the consolidated entity in this interim financial report are consistent with those applied in the annual report for the year ended 31 December 2017, except for the adoption of the new and amended standards set out below.

1.1 New and amended standards adopted by the group

In the current reporting period, the group changed its accounting policies as a result of adopting the following standards:

- AASB 9 Financial Instruments:

The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

On 1 January 2018 (the date of initial application of AASB 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. There are no significant changes and no impacts as a result of the adoption of this standard.

The accounting policy is described below:

(i) Investments and other financial assets

Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual terms of the cash flows.

Under AASB 9, on initial recognition, for assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The group does not have investment in equity instruments at FVOCI.

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

- AASB 15 Revenue from Contracts with Customers

The group has adopted AASB 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. This standard established a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is allocated to single performance obligations based on their standalone selling prices and recognised when (or as) the obligation is satisfied.

All group's revenue sources are recognised at the point in time considering when the goods or services are rendered and or transferred, except for advertising and listing revenue for property portals that is usually recognised over time.

The main sources of revenue are:

- CPC (cost-per-click) customers pay on a cost-per-click basis.

- 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

- Dot Property revenue generated by the sale of listing and advertising products related with property portal business. In addition, there are other revenues related to expositions and awards.

- Kleding BV (Fashion vertical) is monetised on a CPA bases (cost-per acquisition) whereby Kleding BV receives a percentage of the total spend by the user on the destination site. In addition, there are other revenues related to special campaigns or promotions.

- Other sources of revenue generation are associated with the sale of a range of advertising products such as CPL (cost-per lead), CPM (cost-per mile) and others. Revenue is recognised in the period in which the lead and the impressions have occurred.

Management have undertaken a review of all revenue streams across the business and applied the requirements established in the new revenue standard. Management has assessed the effect of applying the new standard on the group's financial statements and has identified that it will not have a material impact. From our assessment of when performance obligations are satisfied, there is no material change in the timing of revenue recognition when comparing the group's previous accounting policies to those now under AASB 15.

The Group has adopted AASB 15 using the modified retrospective method; no transaction adjustment has been made to opening retained earnings as the cumulative effect from initial application is not material.

1.2. 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 the 6-month period ended 30 June 2018 and have not yet been applied in the interim financial statements:

AASB 16 Leases	AASB 16 was issued in February 2017. 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 $318.423. 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	31 December 2019

2. 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.

(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.

3. Financial risk management and financial instruments

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements.

There have been no changes in the risk management department or in any risk management policies since the year end.

3.2 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 is in a net current asset position of $22.8 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.

3.3 Fair value measurement of financial instruments

The Company 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 were no transfers between levels 1 and 2 or 2 and 3. The Group does not have level 2 and level 3 financial assets or liabilities.

The following table presents the Group's financial assets at fair value at 30 June 2018 and 31 December 2017:

	Note	30 June 2018 $	31 December 2017 $
Financial assets at fair value through profit or loss			
- Level 1	5	280,177	294,050
- Level 2		-	-
- Level 3		-	-
		280,177	**294,050**

	30 June 2018 $	31 December 2017 $
Financial liabilities at fair value through profit or loss		
- Level 1	280,177	294,050
- Level 2	-	-
- Level 3	-	-
	280,177	**294,050**

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 30 June 2018 was $2.84 per share (31 December 2017: $2.98 per share). This financial asset was acquired as part of the Nuroa business combination. 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 recognised a liability of the same amount as "Other liabilities".

4. 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
		2018	2017	
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 Spain SL	Spain	100%	100%	Without activity
Nestoria Brasil Buscador de Imoveris Ltda	Brazil	100%	100%	Vertical search website operator
Nestoria India Property Search Services Private Limited	India	99.99% (*)	99.99% (*)	Vertical search website operator
Dot Property Pte Ltd	Singapore	100%	100%	Property portal network
Dot Property Co Ltd	Thailand	100%	100%	Property portal network
Dot Services Philippines Inc	Philippines	100%	100%	Property portal network
Dot Media Co Ltd	Vietnam	100%	100%	Property portal network
Kleding BV	Netherlands	100%	100%	Vertical search website operator

5. Financial Assets

	30 June 2018 $	31 December 2017 $
Investments	1,462	1,462
Lease guarantee	236,567	225,856
Financial assets at fair value through profit or loss	280,177	294,050
	518,206	**521,368**
Financial liabilities at fair value through profit or loss	(280,177)	(294,050)
	(280,177)	**(294,050)**

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.

6. Property, plant and equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
	$	$	$
At 1 January 2017			
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**
Year ended 31 December 2017			
Opening net book amount	198,722	700,855	899,577
Exchange differences	8,990	13,931	22,921
Acquisition of subsidiary	-	32,105	32,105
Additions	-	333,175	333,175
Depreciation charge	(23,480)	(341,452)	(364,932)
Closing net book amount	184,232	738,614	922,846
At 31 December 2017			
Cost or fair value	242,776	1,876,659	2,119,435
Accumulated depreciation	(58,544)	(1,138,045)	(1,196,589)
Net book amount	**184,232**	**738,614**	**922,846**
Half Year ended 30 June 2018			
Opening net book amount	184,232	738,614	922,846
Exchange differences	5,057	20,112	25,169
Acquisition of subsidiary	-	-	-
Additions	-	116,782	116,782
Disposals (net of depreciation)	-	-	-
Depreciation charge	(12,525)	(203,067)	(215,592)
Closing net book amount	176,764	672,441	849,205
At 30 June 2018			
Cost or fair value	247,833	2,013,553	2,261,386
Accumulated depreciation	(71,069)	(1,341,112)	(1,412,181)
Net book amount	**176,764**	**672,441**	**849,205**

The significant additions to property, plant and equipment in 2018 and 2017 were leasehold improvements, furniture, fittings and equipment acquired for the offices in Madrid.

As of 30 June 2018 there are assets fully depreciated of $971,311 (2017: $703,185).

7. Intangible assets

	Goodwill	Customer relationships	Trademarks and licenses	Software and website development	Total
	$	$	$	$	$
At 1 January 2017					
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**
Year ended 31 December 2017					
Opening net book amount	18,952,676	5,141,506	1,228	1,118,428	25,213,838
Exchange differences	97,316	9,008	-	(16,948)	89,376
Acquisition of business	9,882,528	4,764,710	-	702,557	15,349,795
Additions	20,532	-	-	1,464,057	1,484,589
Finalisation of acquisition accountancy	(1,070,574)	-	804,755	724,636	458,817
Amortisation charge	-	(2,274,287)	(153,287)	(865,788)	(3,293,362)
Closing net book amount	**27,882,478**	**7,640,937**	**652,696**	**3,126,942**	**39,303,053**
At 31 December 2017					
Cost or fair value	27,882,478	12,215,338	805,983	4,235,400	45,139,199
Accumulated amortisation and impairment	-	(4,574,401)	(153,287)	(1,108,458)	(5,836,146)
Net book amount	**27,882,478**	**7,640,937**	**652,696**	**3,126,942**	**39,303,053**
Half Year ended 30 June 2018					
Opening net book amount	27,882,478	7,640,937	652,696	3,126,942	39,303,053
Exchange differences	56,417	4,104	-	78,201	138,722
Acquisition of business	-	-	-	-	-
Additions	-	-	-	452,453	452,453
Amortisation charge	-	(1,223,518)	(80,476)	(532,088)	(1,836,082)
Closing net book amount	27,938,895	6,421,523	572,220	3,125,508	38,058,146
At 30 June 2018					
Cost or fair value	27,938,895	12,219,442	805,983	4,766,054	45,730,374
Accumulated amortisation and impairment	-	(5,797,919)	(233,763)	(1,640,546)	(7,672,228)
Net book amount	**27,938,895**	**6,421,523**	**572,220**	**3,125,508**	**38,058,146**

Software and website development additions includes capitalised development costs amounting to $443,284 (31 December 2017: $1,063,635). These development costs are directly attributable to the design and implementation of identifiable and unique software products by the Group, which will generate probable future economic benefits. At 30 June 2018 there are $493,914 classified as work in progress since they are not ready for use (31 December 2017: $230,578). The Group amortises these development costs over 3 years.

As of 30 June 2018, there are intangible assets fully amortized of $254,542 (31 December 2017: $239,839).

Goodwill

Goodwill relates to four separate acquisitions:

	30 June 2018	31 December 2017
	$	$
Goodwill Lokku acquisition	5,086,057	5,086,057
Goodwill Nuroa acquisition	2,086,406	2,029,989
Goodwill Dot Property acquisition	10,883,904	10,883,904
Goodwill Kleding BV acquisition	9,882,528	9,882,528
Total Goodwill	**27,938,895**	**27,882,478**

At 30 June 2018, there are no factors that indicate a possible impairment of goodwill's carrying value.

8. 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 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, Vietnam, Myanmar and Japan.
- **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, Tunisia and Ukraine.

(b) Segment information provided to senior management

The segment information provided to senior management for the reportable segments for the 6-month period ended 30 June 2018 is as follows:

Consolidated entity 6-month period ended 30 June 2018	AMERICAS $	APAC $	EMEA $	Total $
Total revenue	4,621,891	3,804,867	12,869,424	21,296,182
Cost of sales	(1,583,318)	(1,208,576)	(4,715,722)	(7,507,616)
Gross profit	**3,038,573**	**2,596,291**	**8,153,702**	**13,788,566**
Gross profit percentage	**66%**	**68%**	**63%**	**65%**

The segment information provided to senior management for the reportable segments for the 6-month period ended 30 June 2017 is as follows:

Consolidated entity 6-month period ended 30 June 2017	AMERICAS $	APAC $	EMEA $	Total $
Total revenue	3,481,887	3,836,058	8,395,625	15,713,570
Cost of sales	(346,722)	(735,345)	(2,291,102)	(3,373,169)
Gross profit	**3,135,165**	**3,100,713**	**6,104,523**	**12,340,401**
Gross profit percentage	**90%**	**81%**	**73%**	**79%**

(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.

9. Income tax

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the 6 month period ended 30 June 2018 is 30%.

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

	30 June 2018 $	**30 June 2017 $**
Profit from ordinary activities before income tax:		
Continuing operations	2,132,307	3,597,973
Income tax calculated at 30%	639,692	1,079,392
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Employee option plan	-	(47,957)
Other	54,316	50,741
Subtotal	**694,008**	**1,082,176**
Differences in overseas tax rates	(295,721)	(352,589)
Previously unrecognised tax losses brought to account	(121,577)	(88,126)
Tax losses not brought to account	503,808	397,709
Total income tax expense	**780,518**	**1,039,170**

10. Business combinations

10.1 Prior period acquisition – Fashiola

On the 2nd of March 2017, Mitula Group acquired 100% of the issued share capital of Kleding BV, a company in the Netherlands. Details of this business combination were disclosed in Note 16 of the Group`s annual financial statements for the year ended 31 December 2017. The net asset values and allocation of the purchase price to acquired assets was finalised during the last quarter of 2017.

11. Reserves

	30 June 2018 $	31 December 2017 $
Share-based payments	795,051	1,263,383
	795,051	**1,263,383**
Share-based payments		
Opening balance	1,263,383	1,603,535
Share-based payments exercised	(87,750)	-
Capital reorganization - liquidation previous share plan	(27,633)	-
Expense recognised / (derecognised) through income statement	795,051	(340,152)
Closing balance	**1,943,051**	**1,263,383**

12. Contributed equity

(a) Share capital

	Notes	Number of shares	30 June 2018 $
Ordinary shares			
Ordinary shares fully paid	12b)	218,356,884	35,096,233

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	$
1 January 2017	Opening balance		213,168,414	32,136,903
3 March 2017	New shares Fashiola vendors		1,000,000	890,000
25 May 2017	New shares based payments for CEO		64,728	59,873
6 October 2017	New shares Dot Property vendors		1,173,742	739,457
31 December 2017	**Closing balance**		**215,406,884**	**33,826,233**
8 June 2018	New Shares to Board of Directors		150,000	150,000
29 June 2018	IPO Options		2,800,000	1,120,000
			218,356,884	**35,096,233**

The share capital increase related to the IPO options exercised in June 2018, where $1,120,000 was fully paid in cash.

13. Dividends

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

14. 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 Company 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

	30 June 2018 Cents per share		30 June 2017 Cents per share	
	Basic	**Diluted**	**Basic**	**Diluted**
From continuing operations attributable to the ordinary equity holders of the company	0.63	0.63	1.20	1.18

(b) Weighted average number of shares used as denominator

	30 June 2018 Number	30 June 2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	215,440,773	213,842,471
Weighted average of potential dilutive ordinary shares:		
- options	-	2,800,000
Weighted average number of shares used as denominator in calculating diluted EPS	215,440,773	216,642,471

15. Contingencies

There are various claims that arise in the ordinary course of business against Mitula and its subsidiaries. The amount of any additional liability (if any) at 30 June 2018 cannot be ascertained and Mitula Group Limited believes that any resulting liability would not materially affect the position of the Group.

16. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to the half year ended 30 June 2018.

MITULA GROUP LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration
30 June 2018

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 7 to 26 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 30 June 2018 and of its performance for the 6-month period ended on that date, and

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

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 21st August 2018

Independent auditor's review report to the members of Mitula Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mitula Group Limited (the Company), which comprises the condensed consolidated balance sheet as at 30 June 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Mitula Group Limited (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mitula Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

1. giving a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jon Roberts
Partner

Melbourne
21 August 2018