



## 2010 Annual Report



## TABLE OF CONTENTS

HIGHLIGHTS	2
COMPANY PROFILE	2
MESSAGE FROM THE CHAIRMAN	3
CEO'S REVIEW OF OPERATIONS	4
FINANCIAL REPORT	
> Corporate Governance Statement	7
> Directors' Report	16
> Auditor's Independence Declaration	30
> Financial Statement	
• Statement of Comprehensive Income	31
• Statement of Financial Position	32
• Statement of Changes in Equity	33
• Statement of Cash Flows	34
• Notes to the Financial Statements	35
• Directors' Declaration	63
> Independent Audit Report	64
ADDITIONAL INVESTOR INFORMATION	66
DIRECTORY AND GLOSSARY	69

## 2010 FINANCIAL REPORT

This 2010 Financial Report is a summary of our activities and financial position.

Reference in this Report to a "year" is to the financial period ended 31 December 2010 unless otherwise stated. All figures are expressed in Australian currency unless otherwise stated.

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

A glossary of terms used in this Report is contained at the end of this document.

## Key Highlights

### Key highlights for IPGA Limited for 2010 include:

- › Full year revenue from continuing operations of \$7.27 million
- › Revenue growth of 80% year on year from continuing operations
- › Revenue growth of 51% in the second half of the year over the first half
- › Full year loss of \$2.54 million
- › Increased the number of paying agent customers by 86%
- › Across the Group more than 11,000 paying agents and in total nearly 15,000 agents and developers using our websites and services
- › Total Unique Visitors to iProperty Group websites increased by 68% to 1,463,000 in the year to 31 December (1,603,000 January 2011)

### Malaysia:

- › iProperty.com.my extends its leadership position and reaches profitability with revenue growth of 124% in 2010
- › Increase in paying agents by 73% to over 5,300
- › Growth in total site visitors of 95% and page impressions of 51% as at 31 December 2010

### Singapore:

- › iProperty.com.sg continues to be the equal market leader with 70% revenue growth in 2010
- › Increase in paying agents of 73% and now has more than 5,200
- › Growth in total site visitation of 69% and page impressions of 71% as at 31 December 2010

### Hong Kong

- › Gohome.com.hk is the market leading Chinese language website with 77% revenue growth in 2010
- › Increase in paying agents of 102% and now has more than 800
- › Growth in total site visitors of 42% and page impressions of 38% as at 31 December

### Acquisitions

- › Completed the acquisition of the number 2 ranked portal in Malaysia thinkproperty.com.my and the number 3 ranked portal in Singapore SG-house.com

### Key Appointments

- › Appointed new Senior Management team including Shaun Di Gregorio formerly of The REA Group as Chief Executive Officer; Rod Brandenburg, formerly of ASX listed Company Webjet, as Chief Financial Officer; Andrew Kelk, formerly of ASX listed Company The REA Group, as Chief Information Officer; Timothy Hor, formerly of JobsDB Malaysia, as Country manager – Malaysia and Glenn Thompson, formerly of ASX listed Fairfax Media, as Country Manager – Singapore.

## Company Profile

IPGA Limited provides online advertising, agency software, magazine advertising and events to real estate agents in key Asian markets. These products are primarily marketed under the iProperty.com umbrella brand. The company operates in Malaysia, Hong Kong, and Singapore, and has investments in the Philippines and India.

The primary focus is on the rapid growth of its online advertising businesses in its three core markets of Malaysia, Hong Kong and Singapore where it has market leadership positions.

Country	Products			
	Online Advertising	Agency Software	Magazines	Events
Malaysia	iProperty.com.my thinkproperty.com.my propertyguru.com.my home-guru.com.my	No	Yes	Yes
Hong Kong	GoHome.com.hk House18.com Office18.com	No	No	No
Singapore	iProperty.com.sg sg-house.com thinkproperty.com.sg	Yes	No	Yes
Philippines	iProperty.com.ph	No	No	No
India	in.iProperty.com	No	No	No

## Message from the Chairman

Dear Fellow Shareholder,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of IPGA Ltd for the 2010 financial year.

In late 2009, the Board made two key decisions – to focus its operations on markets with a leadership position and to restructure its Senior Management team.

The first decision led to the focusing of IPGA's operations on Malaysia, Singapore and Hong Kong where the business has market leadership positions. In the process, IPGA exited the Taiwanese market and significantly reduced our involvement in our investments in India and the Philippines.

The restructure of the Senior Management team has led to the appointment of a new CEO, CFO, CIO, Head of Malaysia and Head of Singapore during 2010. Central to the successful restructuring of the team was the appointment of Shaun Di Gregorio as CEO in January 2010 after a successful 8 years with the market leading REA Group in Australia.

These two key decisions have underpinned the strong growth of the IPGA business in 2010. The key highlights were:

- › Overall revenue growth of 80%, from \$4.05m to \$7.27m
- › Strong revenue growth 124%, 70% and 77% in Malaysia, Singapore and Hong Kong respectively
- › Acquisition of the #2 portal site in Malaysia to create a truly market dominant position – 82% of all visits are to an IPGA owned site
- › Increase in paying advertisers up by 86% to more than 11,000 across our markets
- › Increase in consumers visiting the IPGA network of sites from 872k to 1,463k over the year and over 1.6 million in Jan 2011

These strategic changes and the strong performance of the IPGA business in 2010 have created a solid platform to drive further growth in 2011.

First and foremost, the business will continue to drive strong performance in each of its existing core markets through continued operational excellence and supported, where appropriate, with strategic acquisitions. Secondly, the business will also continue to explore expansion in the South East Asian markets.

Recently we further strengthened the Board with the appointment of Georg Chmiel, the former CFO of the REA Group and now COO of L J Hooker, a leading real estate franchise group in Australia. Georg brings extensive industry relevant experience to the Board and we are excited to have him as part of the team.

On behalf of the Board I would like to thank the staff at IPGA. Without their dedicated and professional efforts, the business would not have been able to deliver the great results in 2010.



**Simon Baker**  
Chairman

# CEO's Review of Operations

## GROUP OVERVIEW

2010 was a year of solid growth for the iProperty Group in which we achieved record growth results across all parts the business as well building a great platform to drive future growth in the business.

From a strategic perspective 2010 was a year of consolidation. We finalised our exit from the Taiwanese market, we reduced our involvement in our investment in India, and focused on our three core markets of Malaysia, Singapore and Hong Kong where we have market leading positions.

The result has been a significant increase in the number of agents and developers advertising on our sites, substantially more listings, strong growth in consumers visiting our sites to search for property, and, most importantly, a dramatic increase in the number of leads generated for our agent and developer advertisers.

In support of our strategic direction we also made two acquisitions through the course of the year. In Singapore we acquired the number three ranked site, SG-house.com, and in Malaysia we acquired the number two ranked portal thinkproperty.com.my. Each of these acquisitions was aimed at consolidating our competitive position in our existing markets and driving better results for our advertisers.

To provide the right platform for growth, we made significant investment in the business with a focus on improving our sales execution skills and capabilities, increasing the volume and quality of marketing to both our agent customers and consumers, more innovative product development and strengthening and improving the stability and scalability of our IT platform and processes.

As a group, we remain committed and focused on ensuring that all our customers receive the best possible service and results when they advertise on our network and consumers enjoy a great experience when searching for property. In 2010 we released a new version of our Hong Kong website 'gohome.com.hk' and made substantial improvements to our Singapore website 'iproperty.com.sg'. In 2011 we will continue to focus on providing more innovative solutions to our customers and an improved search experience for consumers.

We also significantly improve the quality of our Senior Management team and made several key appointments. These included:

- › Rod Brandenburg, formerly of ASX listed Webjet, joined as our Chief Financial Officer;
- › Andy Kelk, formerly of ASX listed REA Group, joined as our Chief Information Officer;
- › Glenn Thompson, formerly of ASX listed Fairfax Media, joined as our Singapore Country Manager; and
- › Timothy Hor, formerly of leading Asian jobs portal Jobsdb, joined as our Malaysia Country Manager.

With the Senior Management team in place, we are well positioned to lead the Group into 2011 and beyond.

## GROUP RESULTS

At a Group level, revenue increase significantly from \$4.045 million in 2009 to \$7.27 million in 2010, representing an increase of 80%. This result was even more impressive when the impact of a rapidly appreciating Australia dollar during the reporting period is taken into account.

Our core business of online advertising grew rapidly in each of Singapore, Malaysia and Hong Kong with our Property Expo and Magazine businesses both recovering well from 2009. Our online revenue now makes up more than 75% of total Group revenues compared to 59% in 2009.

On a local currency basis our Malaysian business grew by 124% and reached profitability while our Singapore business grew by 70% and our Hong Kong business grew by 77%. Underlying this growth has been the increase in agent customers in each market with the Group now servicing more than 11,000 agents across the network.

Overall the business delivered a net loss of \$2.54 million from continuing operations up from a net loss of \$1.32 million in 2009. This was driven by the continued investment in our three core markets of Singapore, Malaysia and Hong Kong aimed at consolidating our competitive positions and building a solid platform for future growth. Particular areas of expenditure occurred in developing our Human Resources and increasing our sales and marketing activity.

Consumer traffic to our network of sites also grew well with an increase of 68% in December 2010 when compared with December 2009. The growth in consumer traffic combined with a business wide focus on lead generation to our advertisers, resulted in an increase in leads generated of 98% in December 2010 when compared with December 2009.

## **MALAYSIA**

lproperty.com.my is the leading property portal in Malaysia with a strong lead over its competitors and further consolidated that position in 2010. This was driven by an increase in agent signups, growth in Consumer traffic and the acquisition of the number two ranked portal in Malaysia thinkproperty.com.my. A further highlight was the business reaching profitability during the reporting period.

Revenue in Malaysia grew by 124% in 2010 when compared with 2009 with strong growth in online advertising revenue of 161%. Our Events and Magazine businesses also had strong growth in revenue and both work to further strengthen our leadership position in Malaysia.

A major driver of our revenue growth and a key component of extending our leadership position in Malaysia was the increase in paying agent customers to 5,063 as at 31 December. This represents a growth of 73% from the same period in 2009. Growing the number of paying Agents will remain a key focus into 2011.

Consumer traffic to the Malaysian websites reached 682k Unique Visitors in December 2010 (752k Jan 2011), growing by 59% when compared with the same period in 2009. In fact, our network of websites in Malaysia now account for 82% of all consumer traffic looking at online real estate websites.

## **SINGAPORE**

lproperty.com.sg is the equal market leader in Singapore with revenue growing by 70% in 2010 to SGD 2.8 million. This growth was driven by a 120% increase in agent customers to 5,236 as at 31 December.

The acquisition of the number three ranked portal during the reporting period in Singapore, SG-house.com, also had a positive impact on the performance of the business with additional consumer traffic being able to access iProperty.com.sg property listings. This acquisition helped increase the growth in consumer traffic to our Singapore business by 70% in December 2010 to 375k (410k Jan 2011) when compared with the same period in 2009.

The iProperty Events business also successfully staged a Property EXPO at the prestigious Sands Marina complex. The Event was attended by regional Property Developers and marketed in conjunction with iproperty.com.sg. This was a significant Event in that it fosters relationships with Property developers in the region and contributes significantly to the promotion of the iProperty brand in Singapore.

## **HONG KONG**

Under the brand 'gohome.com.hk', IPGA operates the leading Chinese language property portal in Hong Kong. Gohome.com.hk had a record year in growing the number of paying Agent customers and continues to extend its leadership position in that market.

A feature of 2010 was the launch in April of a newly redesigned and updated website which was a significant step forward for the business and provided both our customers with better advertising results and consumers using the website a vastly improved user experience.

Revenue grew strongly in 2010 with a 77% increase over 2009. A key driver of this growth was a 102% increase in agent customers to 746 as at 31 December 2010, up from 369 from 31 December 2009 and now represents more than 20% of the Agencies in Hong Kong.

Gohome.com.hk also registered year on year growth in consumer traffic to the website of 42% with more than 270k unique visitors in December 2010.

## COMMITMENT TO INNOVATION

A highlight of the Groups performance in 2010 was the continued commitment to innovation. During the course of the year we launched redesigned and improved websites in Hong Kong and Singapore, Beta test sites in each of our markets, mobile applications for the iPhone and Asia's first iPad application, upgraded our hosting infrastructure, released a number of new products and services to our advertising customers and continued to improve the Consumer experience when searching for property. We see this commitment as a key driver of our future growth

## PRIORITIES FOR 2011

Over the course of 2011 we will continue to focus on consolidating our market leading position in our core markets of Singapore, Malaysia and Hong Kong while we will continue to hold our investments in India and the Philippines. During 2010 we made significant investments in many areas of the business and improved our operating capabilities and execution skills.

In 2011 we will continue to focus on the key value generating activities of increasing Agent penetration and building greater awareness of our brand in each market.

As we continue to make progress in these key areas, our commitment to developing and improving the consumer experience on our websites will accelerate and a clear focus on driving increased value for our advertisers and build long term enduring relationships with the industry that we serve.

## FURTHER STRATEGIC ACQUISITIONS

The Board and Senior Management team will continue to look at opportunities across the region with a primary goal to ensure consolidation in our core markets and identify new growth options for the Group.

## THE IPROPERTY GROUP TEAM

Finally I would like to thank the team at the iProperty Group. It has been an incredible year of growth and I look forward to the years ahead where we can continue to create a regional leader in the online advertising space.

We took some significant steps during 2010 in setting the business on the right course for growth. With the investments in people, increased focus on sales and marketing and commitment to innovation in how we provide our service to our customers and consumers alike, I have great confidence in the business we are building, with IPGA now being in a far superior position than we were twelve months ago.

We will continue our focused and ferocious approach to being dominant in the markets in which we operate and continue to deliver value for our customers and consumers.

I would also like to thank our shareholders for their continued support. We look forward to building value in the business and exceeding your expectation in the years to come.

After my first year as CEO of the iProperty Group I continue to be amazed at the passion and commitment of the team of people we have. I look forward to leading the business in the years to come as we deliver on our vision to be Asia's leading property portal Group.



**Shaun Di Gregorio**  
Chief Executive Officer

# Corporate Governance Statement

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

## Approach to Governance

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

## Compliance with Corporate Governance Codes

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

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

### Principle 1 – Lay solid foundations form management and oversight

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

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

### Principle 2 – Structure the board to add value

Recommendation 2.1: A majority of the board should be independent directors.

Three of the Company's six directors are considered to be independent. Two of the non-independent directors are considered not to be independent as they are substantial shareholders and in the case of the third, a senior executive of a substantial shareholder. None of the directors are executives of the company.

Recommendation 2.2: The chair should be an independent director.

Mr Simon Baker, the Chairman is a substantial shareholder and consequently cannot be regarded as an independent director but it is considered that this is offset by his knowledge and industry experience.

## 1. Board of Directors – Role and Responsibilities

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

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

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

## **2. Board of Directors - Compositions, Structure and Process**

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

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

### **2.1 SKILLS, KNOWLEDGE AND EXPERIENCE**

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

### **2.2 NON-EXECUTIVE DIRECTORS**

All the Directors are Non-Executive Directors.

### **2.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

Simon Baker was appointed Chairman of the Company in February 2010.

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

### **2.4 COMPANY SECRETARY**

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

### **2.5 COMMITTEES OF THE BOARD**

To assist in the execution of its corporate governance responsibilities, the Board has 2 committees, the Audit & Risk Committee and the Nomination & Remuneration Committee. The Mergers and Acquisitions committee has been disbanded as this function is addressed by the whole board. Requirements for Board committees are reviewed regularly. All committees operate principally in a review or advisory capacity, except in cases where powers are expressly conferred on or delegated to a committee by the Board.

#### **2.5.1 AUDIT & RISK COMMITTEE**

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

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

The members of the Audit & Risk Committee during 2010 were Paul Choiselat (chair, resigned 24th November 2010), Patrick Grove, Hugh Morrow, Sam Weiss, Lucas Elliott and Simon Baker. Mr Georg Chmiel, who was appointed a director on 4th January 2011, was appointed to and will chair the committee which now comprises Georg Chmiel (chair), Sam Weiss and Lucas Elliott. Full details and qualifications of the members are contained in the Directors' Report.

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

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

## 2.5.2 REMUNERATION & NOMINATION COMMITTEE

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

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

The members of the Committee until 1st October 2010 were Sam Weiss (Chair), Paul Choiselat (resigned 24th November 2010), Patrick Grove, Hugh Morrow, Lucas Elliott and Simon Baker. The Committee met three times during the year. Attendance at the meetings is set out in the Directors' Report. From 1st October 2010 the following comprised the Remuneration and Nomination Committee: Hugh Morrow (Chair), Patrick Grove and Simon Baker.

Details of the amount of remuneration, and all monetary and non-monetary components, for each of the 5 highest-paid (non-Director) key management personnel and all Directors during the year ending 31 December 2010 are contained in the remuneration report included in the Directors' Report. Termination entitlements for key management personnel, if any, are also contained in the report.

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

## 2.6 INDEPENDENCE

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

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

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

## 2.7 CONFLICTS OF INTEREST

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

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

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

## 2.8 RELATED PARTY TRANSACTIONS

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

## 2.9 SHARE DEALINGS AND DISCLOSURES

The Company's Share Trading Policy regarding Directors, Executives and employees dealing in its securities, is set by the Board and complies with ASX Guidance Note No.12. The Board restricts Directors, Executives and employees from trading in Company securities except during trading windows and in any event when in possession of price sensitive information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives, employees and Directors are required to obtain approval from either the CEO/Managing Director or Chairman prior to dealing in securities in the Company or other companies in which the Company has a relationship. The policy outlines the exceptional circumstances during which trading may take place during a blackout period and sets rules for "passive trading".

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

## 2.10 BOARD NOMINATIONS

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

## 2.11 TERMS OF APPOINTMENT AS A DIRECTOR

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

## 2.12 PERFORMANCE REVIEW AND EVALUATION

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

## 2.13 MEETINGS OF THE BOARD

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

## 2.14 INDEPENDENT PROFESSIONAL ADVICE

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

## 2.15 ACCESS TO COMPANY INFORMATION AND CONFIDENTIALITY

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

## 2.16 NOMINATION OF NEW DIRECTORSHIPS

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

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

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

## 2.17 DIRECTOR'S DEEDS

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

# 3. Remuneration Policy

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

# 4. Code of Conduct and Ethical Standards

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

## 5. Internal Control and Risk Management

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

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

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

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

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

- › Fluctuations in exchange rates
- › Political stability risk in some of the countries of operation
- › Interest rate risk
- › Stability of internet infrastructure
- › Changed in local government regulations
- › Increased cost of operation including employment costs
- › Retention of key employees
- › Fluctuations in traffic
- › Cyclical property market due to general market outlook for economic growth and interest rates
- › Force majeure events

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

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

As part of the Company's risk management framework, comprehensive practices have been established to ensure:-

- › Capital expenditure commitment above a certain limit obtain prior Board approval;
- › Management systems and OH&S safety standards are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- › IT infrastructure systems are monitored and reviewed to ensure adequacy in the operation of the Company's business;
- › Business transactions are properly authorised and executed;
- › The quality and integrity of employees (see Section 4 above);
- › Financial reporting accuracy and compliance with the financial reporting regulatory framework (see Section 2.5.1 above)

A detailed compliance programme is maintained by the Company Secretary to ensure the Company meets its regulatory obligations. The Board is updated on the compliance programme regularly.

## 6. Communications to Market and Shareholders

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

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

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

## 7. Continuous Disclosure to ASX

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

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

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

## Compliance With The ASX Corporate Governance Principles and Recommendations

The extent to which IPGA has followed the ASXCGPR are as follows:

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	1, 2
1.2 Formalise and disclose the process for evaluating the performance of management.	Yes	2.5.2, 2.12
1.3 Provide the information indicated in Guide to reporting on Principle 1.	Yes	Annual Report Website CGS
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
2.1 A majority of the Board should be independent directors.	No	The current members of the Board have the relevant and appropriate mix of skills and experience to perform the Board's functions and responsibilities.

2.2 The Chairperson should be an independent director	No	The Chairman is not independent as a consequence of his being a substantial shareholder in the company. This has not impeded his ability to effectively chair the board.
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual	Yes	2, 2.3
2.4 The Board should establish a nomination committee	Yes	2.5.2, 2.16
2.5 Formalise and disclose the process for evaluating the performance of the Board, its committees and individual directors	Yes	2.5.2, 2.12
2.6 Provide the information indicated in Guide to reporting on Principle 2.	Yes	Annual Report Website CGS
<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>	<b>COMPLIANCE</b>	<b>CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS</b>
3.1 Establish a Code of Conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: <ul style="list-style-type: none"> <li>3.1.1 The practices necessary to maintain confidence in the Company's integrity.</li> <li>3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.</li> <li>3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	Yes	4
3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.	Yes	2.9
3.3 Provide the information indicated in Guide to reporting on Principle 3.	Yes	Annual Report Website CGS
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>	<b>COMPLIANCE</b>	<b>CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS</b>
4.1 The Board should establish an audit committee.	Yes	2.5.1, 5
4.2 Structure the audit committee so that it consists of: <ul style="list-style-type: none"> <li>4.2.1 Only non-executive directors.</li> <li>4.2.2 A majority of independent directors.</li> <li>4.2.3 An independent chairperson, who is not chairperson of the board.</li> <li>4.2.4 At least three members</li> </ul>	Yes	2.5.1, 5
4.3 The audit committee should have a formal charter.	Yes	5
4.4 Provide the information indicated in Guide to reporting on Principle 4.	Yes	Annual Report Website CGS

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	7
5.2 Provide the information indicated in Guide to reporting on Principle 5.	Yes	Annual Report Website CGS
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
6.1 Design and disclose a communications strategy for promoting effective communication with shareholders and encouraging participation at general meetings.	Yes	6
6.2 Provide the information indicated in Guide to reporting on Principle 6.	Yes	Annual Report Website CGS
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
7.1 The Board or appropriate Board committee should establish and disclose policies on risk oversight and management.	Yes	2.5.1, 5
7.2 Management to design and implement a risk management and internal control system to manage the Company's material business risks. The Board to disclose that management has reported to the Board in writing that: <ul style="list-style-type: none"> <li>› The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</li> </ul>	Yes	2.5.1, 5
7.3 The Board to disclose that the chief executive officer (or equivalent) and the chief financial officers (or equivalent) have provided to the board in writing that: <ul style="list-style-type: none"> <li>› The declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</li> </ul>	Yes	2.5.1, 5
7.4 Provide the information indicated in Guide to reporting on Principle 7.	Yes	Annual Report Website CGS
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	COMPLIANCE	CORPORATE GOVERNANCE STATEMENT (CGS) REFERENCES/COMMENTS
8.1 The Board should establish a remuneration committee.	Yes	2.5.2, 3
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Annual Report
8.3 Provide the information indicated in Guide to reporting on Principle 8.	Yes	Annual Report Website CGS

## Director's Report

Your Directors present their report on IPGA Ltd together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 31 December 2010.

The names of the Company's Directors in office during or since the end of the financial year are as follows:

Simon Baker	Chairman (appointed: 3 February 2010) and Non-Executive Director (appointed: 10 November 2009)
Patrick Grove	Executive Chairman (resigned: 3 February 2010), Non Executive Deputy Chairman (appointed: 3 February 2010)
Samuel Weiss	Non-Executive Director
Hugh Morrow	Non-Executive Director
Lucas R Elliott	Non-Executive Director (appointed: 3 February 2010)
Georg Chmiel	Non-Executive Director (appointed: 4 January 2011)
Paul G Choiselat	Non-Executive Director (resigned 24 November 2010)

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

### **SIMON BAKER B. Sc. MBA**

*Director (non-executive) & Chairman*

*Age: 44*

Board member since October 2009 and Chairman since February 2010. Mr Baker has extensive experience in the online industry. He is currently the CEO of Classified Ad Ventures, a full service digital marketing company focusing on the global online real estate industry. He is also currently a non-executive director of the listed company, Quickflix Ltd (ASX: QFX), and Chairman of the unlisted CarAdvice Pty Ltd, ArtsHub Pty Ltd and realestateinvestar Pty Ltd.

Prior to that Mr Baker was Managing Director and Chief Executive Officer of the listed REA Group (realestate.com.au) where he increased revenues from \$4 million to \$155 million, turned a \$6m loss into a \$30m profit, and increased market capitalisation from \$8 million to a high of \$900 million. Prior to that, Simon was Chief Business Development Officer at News Interactive, was Chief Technology Officer in a US start up and spent five years with McKinsey and Company.

Mr Baker has a degree in computer science from the Monash University and a Masters of Business Administration from Melbourne University.

Mr Baker is also a member of the, Remuneration & Nomination Committee.

Mr Baker holds an interest in 11,328,631 shares in IPGA Ltd as at the date of this report.

### **PATRICK GROVE CA, B. Comm**

*Director (non-executive) & Deputy Chairman*

*Age: 35*

Board member since June 2007 and Deputy Chairman since February 2010. Mr Grove was previously the Executive Chairman until February 2010. Mr Grove is a co-founder of IPGA Ltd. Mr Grove's experience and expertise include mergers and acquisitions and extraction of investment value in high growth, media, new media and technology environments.

Mr Grove has built a number of significant media and internet businesses across Asia and has been independently recognised with numerous international awards, including as a Global Leader of Tomorrow by the World Economic Forum (2001), a New Asian Leader by the World Economic Forum (2003), the Australian Chamber of Commerce, Singapore, Young Entrepreneur of the Year (2004) and Business Week's Best Young Asian Entrepreneurs (2008). Mr Grove is also the Group CEO, Chairman and major shareholder of Catcha Group, one of South East Asia's most dynamic media companies, incorporating publishing, online and event businesses, including Malaysia's largest English language magazine publisher and a strategic alliance with Microsoft to operate and develop all Microsoft online properties in Malaysia. Catcha Group is a major shareholder of IPGA Ltd.

Mr Grove is also a member of the, Remuneration & Nomination Committee.

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

Mr Grove holds an interest via Catcha Group Pte Ltd in 52,807,253 shares in IPGA Ltd as at the date of this report.

## **HUGH MORROW** B. Eng. MBA

*Director (non-executive)*

*Age: 45*

Board member since August 2007. Mr Morrow has extensive experience in the areas of information technology, organisational behaviour and business strategy consulting, with a focus on investing in and providing strategic advice to a number of for-profit and not-for-profit organisations. He sits on the board of the Social Economy Executive Education Network, The Australian Scholarships Foundation, The Australian Social Innovation Exchange and The Stanford Australia Foundation. Mr Morrow was previously with the global strategy consulting firm, The LEK Partnership and Westpac Banking Corporation. Mr Morrow started, grew and successfully sold XT3 and is now leading Loaded Technologies Pty Ltd on a similar journey.

Mr Morrow has a degree in engineering from the University of Sydney, a Masters of Business Administration from Stanford University and is a Yale University World Fellow.

Mr Morrow is the Chairman of the Remuneration & Nomination Committee.

Mr Morrow holds an interest in 271,819 shares in IPGA Ltd as at the date of this report.

## **SAMUEL WEISS** AB MS FAICD

*Director (non-executive)*

*Age: 57*

Board member since August 2007. Mr Weiss is Chairman of Altium Limited and Open Universities Australia. He is a Non-Executive Director of Oroton Group Ltd and Breville Ltd and in recent years, he also has been a corporate advisor to Vsource, a pan-Asian business outsourcing services provider based in Malaysia.

He did his undergraduate degree at Harvard University and received a graduate degree from Columbia University in Business Administration. He is the President of The Benevolent Society and a Director of The Sydney Festival. He is a Fellow of The Australian Institute of Company Directors and a member of The Sydney Institute.

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

Mr Weiss holds an interest in 378,183 shares in IPGA Ltd as at the date of this report.

## **LUCAS ELLIOTT** B.Comm

*Director (non-executive)*

*Age: 34*

Board member since February 2010. Mr Elliott, a founding shareholder of IPGA's majority shareholder, Catcha Group, has over 10 years of Asian online experience, with a focus on developing fast moving online business models and monetizing online media assets. Currently, Mr Elliott is responsible for all aspects of Catcha Group's corporate finance activities, including mergers and acquisitions, capital raisings and public listings, with a focus on driving activity that migrates advertising and contents models to the new media arena.

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

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

Mr Elliott holds an interest via Catcha Group Pte Ltd in 52,807,253 shares in IPGA Ltd as at the date of this report.

**GEORG CHMIEL** Diplom-Informatiker (Computer Science), MBA, CPA (USA), GAICD

*Director (non-executive)*

Age: 42

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

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

Mr Chmiel holds an interest in 30,819 shares in IPGA Ltd as at the date of this report.

**SHAUN DI GREGORIO** MBA

*Chief Executive Officer*

Chief Executive Officer since January 2010 and is responsible for the day-to-day operations of the IPGA Group. Mr Di Gregorio has worked in online classifieds for nearly 12 years. Prior to joining IPGA, Mr Di Gregorio spent almost 8 years with the REA Group, in which time he was General Manager of the Australian operations from 2005 to 2008, and then as General Manager of the REA Group's international businesses.

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

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

Mr Di Gregorio holds an interest in 2,360,519 shares in IPGA Ltd as at the date of this report.

**ROD BRANDENBURG** B. Comm, CPA

*Chief Financial Officer*

As the Chief Financial Officer since April 2010, Mr Brandenburg is responsible for the management of the Company's finances and the fulfilment of its reporting obligations. Rod has extensive commercial experience, with specific expertise in mergers and acquisitions, treasury, business restructuring and business systems implementation. Prior to joining IPGA Mr Brandenburg was the Chief Financial Officer and Company Secretary at Webjet Limited (ASX: WEB) Australia's leading travel website

Mr Brandenburg holds an interest in 850,000 shares in IPGA Ltd as at the date of this report.

**NICK GEDDES** FCA, FCIS

*Company Secretary*

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

### **Directors' and Officers' Indemnity**

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

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

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

### **Directors' and Officers' Insurance**

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

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

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

### **Principal activities**

The principal activities of the Company during the year were developing and operating internet-based real estate property portals.

### **Change in State of Affairs**

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

### **Review of Operations**

A detailed review of operations and the results of those operations are set out in the Chairman's Message and Chief Executive Officer's Report of this annual report.

Except for the matters disclosed, there are, at the date of this report, no other matters or circumstances which have arisen since 31 December 2010 that have significantly affected or may significantly affect:

- (a) the operations in future financial periods subsequent to the financial year ended 31 December 2010, of the Group constituted by the Company and the entities it controls from time to time;
- (b) the results of those operations in future financial periods; or
- (c) the state of affairs, in future financial periods, of the Group.

### **Dividends**

No dividends have been paid or declared since the start of FY2010 and IPGA Ltd does not propose to pay a dividend for this reporting period.

## Share Issues

During the course of the period, the Company issued shares as follows :-

Month	No. of shares	Amount \$	Issue type
January 2010	1,000,000	100,000	Placement of shares to Shaun Di Gregorio
April 2010	21,087,274	2,412,974	Shares issued as part of Rights Issue
May 2010	400,000	100,000	Placement of shares to Rod Brandenburg
September 2010	8,064,516	2,383,143	Placement of shares to fund investment in Think Media Sdn Bhd in Malaysia and SG-House.com in Singapore
<b>Total</b>	<b>30,551,790</b>	<b>4,996,117</b>	

## Events subsequent to reporting date

Subsequent to balance date 720,765 rights over ordinary shares as part of the long term incentive plan were issued to Shaun Di Gregorio and Rod Brandenburg based on the future performance of the company. The rights if the targets are met will vest February 2013. No options have been issued by the Company.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Future Developments

Other than comments on likely developments or expected results of certain of the operations of the Group which are included in the Chairman's Message and the Chief Executive Officer's Report, in the opinion of the Directors, further information on likely developments in the operations of the Group and the expected results of those operations in future financial periods have been omitted as the Directors believe it would be likely to result in unreasonable prejudice to the Group's interests if such further information were included in this report.

## Business Strategies and Prospects

Information on the Group's business strategies and its prospects for future financial years is included in the Chairman's Message and the Chief Executive Officer's Report. In the opinion of the Directors, further information on the Group's business strategies and its prospects for future financial years would, if included in this report, be likely to result in unreasonable prejudice to the Group and has accordingly been omitted.

## Environmental Issues

The Company takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the Group has no legal obligation to take corrective action in respect of any environmental matter. The economic entity's operations are not subject to significant environmental regulation under the laws of the Commonwealth and State.

## Meetings of Directors

During the financial year, 16 meetings of directors were held. Attendances were:

Director	Number of meetings held while a director	Number of meetings attended
Simon Baker	16	15
Paul Choiselat (1)	14	12
Lucas Elliott (2)	12	12
Patrick Grove	16	13
Hugh Morrow	16	15
Sam Weiss	16	14

## Audit & Risk Committee Meetings

During the financial year, 3 Board Audit & Risk Committee meetings were held. Attendances were:

Director	Number of meetings held while a director	Number of meetings attended
Paul Choiselat (1)	3	3
Lucas Elliott (2)	3	3
Sam Weiss	3	2
Simon Baker	3	3
Patrick Grove	3	1
Hugh Morrow	3	3

## Remuneration & Nomination Committee Meetings

During the financial year, 3 Nominations & Remuneration Committee meetings were held. Attendance was:

Director	Number of meetings held while a director	Number of meetings attended
Sam Weiss	3	3
Simon Baker	3	3
Patrick Grove	3	3
Hugh Morrow	3	3
Paul Choiselat (1)	3	2
Lucas Elliott (2)	3	2

Notes: (1) Resigned: 24 November 2010

(2) Appointed: 3 February 2010

## Directors' and executives' interests

The tables below show the interests of each Director (as notified to the ASX in accordance with section 205G(1) of the Corporations Act) and executives (being a director or executive during or since the financial year ended 31 December 2010) in the issued ordinary shares of the Group as at the date of this report.

	Fully Paid Ordinary Shares
Mr P Grove (1)	52,807,253
Mr P G Choiselat	414,348
Mr G Chmiel	30,819
Mr H Morrow	271,819
Mr S Weiss	378,183
Mr S Baker	11,328,631
Mr L R Elliott (1)	52,807,253
Mr S DiGregorio	2,360,519
Mr R Brandenburg	850,000
Mr A Kelk	11,448

(1). Mr Grove is a director of and both he and Mr Elliott are shareholders in Catcha Group Pte Ltd which owns 52,807,253 shares in IPGA

## Share Rights and Options

There were no rights over shares issued during the year other than those referred to in subsequent events. The rights issued in December 2009 were cancelled as the performance hurdles were not met.

There were no options granted over unissued shares by the Company during or since the year ended 31 December 2010.

## Directors' Interests in Contracts

No material contracts involving Directors' interests were entered into since the end of the previous financial year, or existed at the end of the year, other than those transactions detailed in Note 25 to the Financial Statements.

## Non-Audit Services

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

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

There were no fees for non-audit services paid to the external auditors during FY2010.

## Audit Services

The statement by the Consolidated Entity's external auditors to the members of IPGA Ltd in relation to the auditors' compliance with the independence requirements of the Corporations Act and the professional code of conduct for external auditors, forms part of this Directors' Report and is set out after this Directors' Report on page 30.

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

# Remuneration Report

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

## Remuneration & Nomination Committee

### Role

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

The responsibilities of the Remuneration Committee are to:

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

### Membership and meetings

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

Hugh Morrow (Chairman)  
Simon Baker  
Patrick Grove

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

### Advisers

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

### Reward policy

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

## Reward philosophy

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

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

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

## Company Performance

The table below shows the performance results of the Company for the period since incorporation, inclusive of continuing and discontinued operations, as well as the share price at the end of the respective financial years. The financial information reported is compliant with AIFRS. The 2010, 2009 and 2008 financial information is for the full year ended 31 December. The 2007 financial information is for the period from the date of incorporation 26 June 2007 to 31 December 2007.

	2010	2009	2008	2007
Revenue continuing and discontinued operations (\$'000)	7,267	4,511	4,344	676
Net (loss)/profit after tax (\$'000)	(2,539)	(1,905)	(719)	23
Share price at year start (\$)	0.10	0.12	0.25	0.28
Share price at year end (\$)	0.51	0.10	0.12	0.25
Basic (loss)/earnings per share (cents)	(1.900)	(1.688)	(0.671)	0.026
Diluted (loss)/earnings per share (cents)	(1.900)	(1.688)	(0.671)	0.026
Dividends paid	NIL	NIL	NIL	NIL

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

## Key Management Personnel and Executive Director Remuneration

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

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

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

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

The remuneration structure is in two parts:

- Fixed remuneration; and
- Variable remuneration.

## Fixed remuneration

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

## Variable Remuneration

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

### › Short term incentive plan (STI)

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

It is intended that key employees of IPGA will be eligible to participate in the STI program.

### › Long term incentive plan (LTI)

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

LTI payments granted to each participating key employee depends on the extent to which specific targets set at the beginning of the plan are met. The targets relate to revenue, cash and profitability. Payments are made in the form of rights to the Company's shares.

It is intended that only key executives of IPGA will be eligible to participate in the Plan.

## Key Management Personnel Remuneration

The following table summarises the remuneration arrangements for the Executive Chairman, CEO, CFO and CIO. Details of remuneration of key management personnel and Directors are shown on Table A & B of this report.

	Mr P Grove <sup>(1)</sup>	Mr K Tsurumaru <sup>(2)</sup>	Mr S DiGregorio <sup>(3)</sup>	Mr R Brandenburg <sup>(4)</sup>	Mr A Kelk <sup>(5)</sup>
<b>Position</b>	Executive Chairman	Chief Executive Officer	Chief Executive Officer	Chief Financial Officer	Chief Information Officer
<b>Term of employment agreement</b>	Resigned	Resigned	Nil	Nil	Nil
<b>Notice period</b>	N/A	N/A	3 months	3 months	3 months
<b>Total employment cost (TEC)<sup>(4)</sup></b>	SGD 60,000 p.a. (approx. AUD \$46,150)	SGD 120,000 p.a. (approx. AUD 92,300)	AUD 300,000 p.a.	AUD 210,000 p.a.	AUD 150,000 p.a.

	Mr P Grove <sup>(1)</sup>	Mr K Tsurumaru <sup>(2)</sup>	Mr S DiGregorio <sup>(3)</sup>	Mr R Brandenburg <sup>(4)</sup>	Mr A Kelk <sup>(5)</sup>
<b>Short term incentive</b>	N/A	N/A	Up to AUD100,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Up to AUD42,000 subject to meeting performance targets as set by the Board. Payment is to be made via cash and shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Up to AUD 45,000 subject to meeting performance targets as set by the Board. Payment is to be made in cash.
<b>Long term incentive</b>	N/A	N/A	Up to AUD100,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Up to AUD42,000 subject to meeting performance targets as set by the Board. Payment is to be made via shares in the Company at an issue price calculated based on a 30-day VWAP before and after the entitlement.	Nil
<b>Other benefits</b>	Nil	Nil	Housing allowance of MYR6,000 per month (equivalent to approximately AUD2,000 per month)	Housing allowance of MYR4,500 per month (equivalent to approximately AUD1,500 per month)	Housing allowance of MYR3,000 per month (equivalent to approximately AUD\$1,000 per month)
<b>Termination by executive</b>	N/A	N/A	3 months	3 months	3 months
<b>Termination by Company</b>	N/A	N/A	3 months	3 months	3 months

NOTES:

<sup>(1)</sup> Executive Chairman until February 2010

<sup>(2)</sup> CEO until January 2010

<sup>(3)</sup> CEO since January 2010

<sup>(4)</sup> CFO since April 2010

<sup>(5)</sup> CIO since July 2010

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

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

## Detail of Remuneration

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

**TABLE A - 2010**

2010	Short-term Employee Benefits				Post Employment Benefits	Other Long Term Employee Benefits	Termination Benefits	Share Based Payment			Total	Performance Bonus as a % of Total Remuneration	
	Salary & Fees	Bonus	Non-monetary	Other				Super-annuation	Equity-Settled				Cash-Settled
									Shares & Units	Options & Rights			
<b>Non Executive Directors</b>													
Mr S Baker	28,331						40,833			69,164			
Mr P Grove	24,058						32,083			56,141			
Mr P G Choiselat	18,331				1,650		25,667			45,648	-		
Dato' L Gan	-				-		-			-	-		
Mr H Morrow	20,000				1,800		28,000			49,800	-		
Mr S Weiss	20,000				1,800		28,000			49,800	-		
Mr L Elliot	17,999				-		25,667			43,666	-		
	<b>128,719</b>	-	-	-	<b>5,250</b>	-	<b>180,250</b>	-	-	<b>314,219</b>			
<b>Executive Officers</b>													
Mr S Di Gregorio	273,621	95,833		24,101	13,256					406,811	23.6%		
Mr K Tsurumaru	56,432	2,636								59,068	4.5%		
Mr R Brandenburg	143,425	29,750		17,376						190,551	15.6%		
Mr R Farmer	41,238									41,238			
Ms C Chan	76,319									76,319			
Mr A Kelk	63,517	20,625		9,474	7,231					100,847	20.5%		
<b>Sub Total</b>	<b>654,552</b>	<b>148,844</b>	-	<b>50,951</b>	<b>20,487</b>	-	-	-	-	<b>874,834</b>			
<b>Total</b>	<b>783,271</b>	<b>148,844</b>	-	<b>50,951</b>	<b>25,737</b>	-	-	<b>180,250</b>	-	<b>1,189,053</b>			

No retirement benefits were paid or payable to Directors or key management personnel in FY2010.

**TABLE B - 2009**

2009	Short-term Employee Benefits				Post Employment Benefits	Other Long Term Employee Benefits	Termination Benefits	Share Based Payment			Total	Performance Bonus as a % of Total Remuneration	
	Salary & Fees	Bonus	Non-monetary	Other				Super-annuation	Equity-Settled				Cash-Settled
									Shares & Units	Options & Rights			
<b>Non Executive Directors</b>													
Mr S Baker	2,783				250		3,500			6,533			
Mr P G Choiselat	20,000				1,800		35,000			56,800	-		
Dato' L Gan	15,000				1,350		28,000			44,350	-		
Mr H Morrow	20,000				1,800		35,000			56,800	-		
Mr S Weiss	20,000				1,800		35,000			56,800	-		
	<b>77,783</b>	-	-	-	<b>7,000</b>	-	<b>136,500</b>	-	-	<b>221,283</b>			
<b>Executive Directors</b>													
Mr P Grove	52,732									52,732	-		
<b>Sub Total</b>	<b>130,515</b>	-	-	-	<b>7,000</b>	-	<b>136,500</b>	-	-	<b>274,015</b>			
<b>Executive Officers</b>													
Mr K Tsurumaru	95,268									95,268	-		
Ms C Chan	99,557									99,557	-		
Mr M Spencer	58,823									58,823	-		
Mr R Farmer	40,200									40,200	-		
<b>Sub Total</b>	<b>293,848</b>	-	-	-	-	-	-	-	-	<b>293,848</b>			
<b>Total</b>	<b>424,363</b>	-	-	-	<b>7,000</b>	-	<b>136,500</b>	-	-	<b>567,863</b>			

### Share based payments to Non Executive Directors

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

The remuneration of Non-Executive Directors for the year ended 31 December 2010 includes \$180,250 (2009 \$136,500) in value of shares which are yet to be issued to Non Executive Directors. The number of shares in respect of the 2009 and 2010 remuneration is based on the VWAP over the period that they accrued and has been calculated to be 28.6 cents for the period outstanding. The total number of shares outstanding to all directors past and present is 785,192 and is subject to shareholder approval at the next annual general meeting.

	2009			2010			Total shares vested but not issued
	Share issued	Shares vested but not issued	Total	Share issued	Shares vested but not issued	Total	
Paul Choiselat	160,000	40,787	200,787	-	89,731	89,731	130,518
Patrick Grove			-	-	112,192	112,192	112,192
Hugh Morrow	160,000	40,787	200,787	-	97,888	97,888	138,675
Sam Weiss	160,000	40,787	200,787	-	97,888	97,888	138,675
Simon Baker		16,315	16,315	-	142,773	142,773	159,088
Lucas Elliott				-	89,731	89,731	89,731
Dato Larry Gan	160,000	16,315	176,315	-	-	-	16,315
	<b>640,000</b>	<b>154,991</b>	<b>794,991</b>	-	<b>630,203</b>	<b>630,203</b>	<b>785,194</b>

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

### Non-Executive Director Remuneration

The following persons were Non-Executive Directors of the Company at 31 December 2010:

Name	Position
Simon Baker	Non-Executive Director
Patrick Grove	Non-Executive Director
Hugh Morrow	Non-Executive Director
Samuel Weiss	Non-Executive Director
Lucas Elliott	Non-Executive Director
Georg Chmiel(1)	Non-Executive Director

(1). Appointed 4 January 2011

### Remuneration Policy

The fees paid to Non-Executive Directors on the Board are based on advice and data from the Group's remuneration specialists and from external remuneration advisers. This advice takes into consideration the level of fees paid to Board members of other Australian corporations, the size and complexity of the Group's operations, the activities of the Group and the responsibilities and workload requirements of Board members.

Fees are established annually for the Chairman, Deputy Chairman and Non-Executive Directors.

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

Each Non-Executive Director receives a fee for being a Director of the Company. These fees are paid partly in cash and partly by the issue of IPGA shares as detailed in the IPGA prospectus. Non-Executive Directors are not paid additional fees for sitting on or chairing committees.

### **Options**

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

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.

Dated this 25th day of February 2011

A handwritten signature in black ink, appearing to read 'Simon Baker', is positioned above the printed name and title.

**Simon Baker**  
**Chairman**



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

550 Bourke Street  
Melbourne VIC 3000  
GPO Box 78  
Melbourne VIC 3001 Australia

DX: 111  
Tel: +61 (0) 3 9671 7000  
Fax: +61 (0) 9671 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

The Board of Directors  
IPGA Limited  
Level 9, 20 Hunter Street  
SYDNEY, NSW 2000

25 February 2011

Dear Board Members

**IPGA Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IPGA Limited.

As lead audit partner for the audit of the financial statements of IPGA Limited for the financial year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

**Robert D D Collie**  
Partner  
Chartered Accountants

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
<b>Continuing operations</b>			
Revenue from services		7,232,795	3,974,814
Interest income		34,148	10,943
Other income		-	58,959
<b>Total revenue</b>		<b>7,266,943</b>	<b>4,044,716</b>
Administration and related costs		667,478	592,275
Advertising and marketing		1,046,715	459,521
Depreciation and amortisation expenses		191,247	92,414
Employment related expenses	2	6,025,370	2,875,169
Premises and communication		736,550	366,005
Offline production costs		894,006	802,947
Impairment of investment		-	249,216
Other expenses		262,327	13,925
<b>Total expenses</b>		<b>9,823,693</b>	<b>5,451,472</b>
Loss before income tax		(2,556,750)	(1,406,756)
Income tax benefit	3	17,302	84,813
<b>Loss for the year from continuing operations</b>		<b>(2,539,448)</b>	<b>(1,321,943)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations		-	(582,937)
<b>Loss for the year</b>		<b>(2,539,448)</b>	<b>(1,904,880)</b>
<b>Other Comprehensive Income</b>			
Exchange differences arising on translation of foreign operations		(68,479)	(285,024)
Income tax relating to components of other comprehensive income			
<b>Total Comprehensive Loss for the Period</b>		<b>(2,607,927)</b>	<b>(2,189,904)</b>
Attributable to:			
Equity holders of the parent		(2,607,927)	(2,189,904)
Non-controlling interests		-	-
		<b>(2,607,927)</b>	<b>(2,189,904)</b>
<b>Earnings per Share from continuing operations</b>			
Basic (cents per share)	6	(1.90) cents	(1.17) cents
Diluted (cents per share)	6	(1.90) cents	(1.17) cents
<b>From continuing and discontinued operations</b>			
Basic (cents per share)	6	(1.90) cents	(1.69) cents
Diluted (cents per share)	6	(1.90) cents	(1.69) cents

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
<b>Current assets</b>			
Cash and cash equivalents	7	1,853,960	850,706
Trade and other receivables	8	848,262	789,526
Other assets	9	424,504	390,299
Current tax assets	15	2,778	-
<b>Total current assets</b>		<b>3,129,505</b>	<b>2,030,531</b>
<b>Non current assets</b>			
Property, plant and equipment	11	271,863	266,995
Intangibles	12	592,038	326,134
Goodwill	13	10,387,429	6,477,147
<b>Total non current assets</b>		<b>11,251,330</b>	<b>7,070,276</b>
<b>TOTAL ASSETS</b>		<b>14,380,835</b>	<b>9,100,807</b>
<b>Current liabilities</b>			
Trade and other payables	14	4,520,505	2,115,257
Current tax liabilities	15	-	21,092
Provisions	16	609,192	46,510
<b>Total current liabilities</b>		<b>5,122,697</b>	<b>2,182,859</b>
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>5,122,697</b>	<b>2,182,859</b>
<b>NET ASSETS</b>		<b>9,258,138</b>	<b>6,917,948</b>
<b>Equity</b>			
Issued capital	17	14,845,380	9,849,263
Reserves	18	(447,409)	(330,930)
Accumulated Losses	19	(5,139,833)	(2,600,385)
<b>TOTAL EQUITY</b>		<b>9,258,138</b>	<b>6,917,948</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	Fully paid ordinary shares	Reserves	Equity reserve	Share treasury reserve	Accu- mulated Losses	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 January 2009		9,142,568	136,608	-	-	(695,505)	8,583,671
Profit attributable to members of the entity	19	-	-	-	-	(1,904,880)	(1,904,880)
Foreign currency translation differences	18	-	(285,024)			-	(285,024)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(148,416)</b>	<b>-</b>	<b>-</b>	<b>(2,600,385)</b>	<b>6,393,767</b>
6,692,602 shares issued during the year	17	796,838	-	-	-	-	796,838
Transaction costs relating to share issue	17	(90,143)	-	-	-	-	(90,143)
Equity reserve arising from increase in interest in controlled entity	18	-	-	(182,514)	-	-	(182,514)
<b>Balance at 31 December 2009</b>		<b>9,849,263</b>	<b>(148,416)</b>	<b>(182,514)</b>	<b>-</b>	<b>(2,600,385)</b>	<b>6,917,948</b>
Profit attributable to members of the entity	19	-	-	-	-	(2,539,448)	(2,539,448)
Foreign currency translation differences	18	-	(68,479)	-	-	-	(68,479)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(68,479)</b>	<b>-</b>	<b>-</b>	<b>(2,539,448)</b>	<b>(2,607,927)</b>
30,551,790 shares issued during the year	17	5,230,473	-	-	-	-	5,230,473
Transaction costs relating to share issue	17	(234,356)	-	-	-	-	(234,356)
Allocation of shares acquired in rights issue for employee share plan		-	-	-	(48,000)	-	(48,000)
<b>Balance at 31 December 2010</b>		<b>14,845,380</b>	<b>(216,895)</b>	<b>(182,514)</b>	<b>(48,000)</b>	<b>(5,139,833)</b>	<b>9,258,138</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	7,298,739	5,150,375
Payments to suppliers and employees	(8,832,762)	(5,884,050)
Interest received	34,148	10,940
Income taxes paid	(6,027)	(30,387)
<b>Net cash used in operating activities</b>	<b>21a (1,505,902)</b>	<b>(753,122)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	11 (181,269)	(104,717)
Payments for other intangible assets	12 (210,635)	-
Payments for subsidiaries acquired net of cash acquired	21b (2,083,931)	-
Increase in interest in controlled entities	21b -	(182,514)
<b>Net cash used in investing activities</b>	<b>2,475,835</b>	<b>(287,231)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	17 5,230,473	500,000
Share issue costs	17 (234,356)	(90,143)
Proceeds from borrowings	750,000	-
Repayment of borrowings	(761,126)	(175,496)
<b>Net cash (used in)/provided by financing activities</b>	<b>4,984,991</b>	<b>234,361</b>
Net increase/(decrease) in cash held	1,003,254	(805,992)
Cash and cash equivalents at beginning of the year	850,706	1,656,698
<b>Cash at the end of year</b>	<b>7 1,853,960</b>	<b>850,706</b>

The accompanying notes form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial report includes the consolidated financial statements of the Group, and that of IPGA Ltd the Parent entity. IPGA Ltd is a listed public company, incorporated and domiciled in Australia.

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

The financial statements were authorised for issue by the directors on 25 February 2011.

#### **Basis of Preparation**

The financial report has been prepared on the basis of historical cost, unless otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Unless otherwise indicated, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

The accounting policies set out below have been consistently applied to all years presented.

#### **Going Concern**

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2010, the consolidated entity has an excess of current liabilities over current assets of \$1,993,192 of which approximately \$545,000 will be discharged via the issue of equity instruments and \$1,639,093 relates to billings in advance. For the year ended 31 December 2010, the consolidated entity reported a loss of \$2,539,448 after tax and incurred cash outflows from operating activities of \$1,505,902.

Notwithstanding the above, the financial report has been prepared on a going concern basis on the basis of the following assumptions:-

- The consolidated entity continuing to manage its performance and grow revenue from operating activities
- Improving the cash flows from operations from 2011 following significant investment in the business operations during 2010 due to overhead costs associated with new management and their focus on increasing sales volumes

At the date of this report and having considered the above factors, the Directors are confident that the Company and consolidated entity will be able to continue as going concerns given the following reasons:

- a) Organic growth has been achieved from operations as the consolidated entity has continued to refine and develop its websites, services and operating activities.
- b) The consolidated entity has increased the strength of the senior management team with the recruitment of new executives during the year. Their experience and industry knowledge will assist with meeting sales targets and further developing operations.
- c) A successful rights issue of \$2,500,000 was made in April 2010 followed by a share placement of \$2,500,000 in September 2010. The Directors believe that they will be able to raise additional funds in future periods as and when required to support the Group's continued expansion based on the success of past placements and rights issues. In particular, the consolidated entity will need to raise additional funds of at least \$1,300,000 by May 2011 in order to fund acquisition related vendor payments.

Notwithstanding this, there is significant uncertainty whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concerns.

#### **Adoption of new and revised Accounting Standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact where applicable of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

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

#### **a. Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of IPGA Ltd the Company, and entities controlled by IPGA Ltd (referred to as "the Group" in these financial statements). Control is achieved where IPGA Ltd has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 22 to the financial statements.

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

Where necessary, adjustments are made to the financial statements.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Group, intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognized as a contribution by or distribution to equity participants by the transacting entities.

#### **b. Borrowings**

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

#### **c. Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the

Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

#### **d. Cash and cash equivalents**

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **e. Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### **f. Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

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

#### **Defined contribution plans**

Contributions to defined contribution superannuation plans are expensed when incurred.

#### **g. Financial assets**

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

##### **Loans and receivables**

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

##### **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **Derecognition of financial assets**

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

### **h. Financial instruments issued by the company**

#### **Debt and equity instruments**

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

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### **Other financial liabilities**

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

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

### **i. Foreign currency**

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

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

Exchange differences are recognised in profit or loss in the period in which they arise except for:

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

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

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

#### **j. Goodwill**

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

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

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

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

#### **k. Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

#### **l. Impairment of other tangible and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **m. Income tax**

### **Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### **Deferred tax**

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

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

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

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

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

### **Current and deferred tax for the period**

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

## **n. Intangible assets**

### **Intangible assets acquired separately**

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

### **Internally-generated intangible assets – research and development expenditure**

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

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

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

### **Intangible assets acquired in a business combination**

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

## **o. Leased assets**

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

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

### **Lease incentives**

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

#### **p. Property, plant and equipment**

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

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

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

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

#### **q. Provisions**

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

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

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

#### **Contingent liabilities acquired in a business combination**

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

#### **r. Revenue**

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

##### **Rendering of services**

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

##### **Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### s. Significant estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

#### Key sources of estimation uncertainty

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

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was \$10,387,429 (2009: \$6,477,147). Impairment losses have not been recognised in the current financial year (2009: \$361,812). Details are provided in note 13.

#### Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are described in note 1(p). The useful lives of all classes of property, plant and equipment are reviewed annually at the end of each annual reporting period.

#### Allowance for doubtful debts

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

### NOTE 2: ITEMS INCLUDED IN LOSS

	Consolidated	
	2010	2009
	\$	\$

#### From Continuing Operations

The loss for the year has been determined after

Employee benefits expense		
Salaries and wages	4,287,024	2,199,565
Superannuation and pension related	354,566	219,139
Commissions paid	590,581	240,936
Other employment benefits	793,199	215,529
Total employment benefits	<u>6,025,370</u>	<u>2,875,169</u>

#### Borrowing costs

Bank interest	<u>11,183</u>	<u>-</u>
---------------	---------------	----------

#### From Discontinuing Operations

Depreciation	<u>-</u>	<u>19,805</u>
--------------	----------	---------------

### NOTE 3: INCOME TAX BENEFIT

	Consolidated	
	2010	2009
	\$	\$
<b>The components of income tax expense</b>		
Current tax (receivable)/ payable	(2,779)	21,092
Overprovision in prior years	(14,523)	(105,905)
Total income tax benefit	(17,302)	(84,813)
<b>The prima facie tax on profit/(loss) before income tax is reconciled to the income tax credit as follows:</b>		
Income tax benefit calculated at 30%	(767,025)	(422,027)
Effect of differential rates in foreign jurisdictions	310,392	159,923
<b>Tax effect of:</b>		
Temporary differences - accruals and provisions	169,441	56,706
Over provision in prior years	14,523	105,905
Capital loss on discontinued operations	-	(174,881)
Deductible costs relating to share issue costs	(97,123)	(73,687)
Losses not brought to account	352,490	263,248
Income tax benefit recognised in profit and loss	(17,302)	(84,813)

### Unrecognised deferred tax assets

#### Share issue costs

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

#### Carry forward losses

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

### Deferred tax assets not brought to account as an asset

Tax losses - Revenue	897,204	544,714
Tax losses - Capital	67,990	67,990
Share issue costs deferred	371,591	301,284
	1,336,785	913,988

#### NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

##### a. Names and positions held of Key Management Personnel in office at any time during the financial year are:

###### Directors

Mr Simon Baker	Non Executive Chairman (appointed 3 February), Non Executive Director (appointed 10 November 2009)
Mr Patrick Grove	Executive Chairman (resigned 3 February 2010), Non Executive Deputy Chairman (appointed 3 February 2010)
Mr Samuel Weiss	Non-Executive Director
Mr Hugh Morrow	Non-Executive Director
Mr Paul G Choiselat	Non-Executive Director (resigned 24 November 2010)

###### Executives

Mr Shaun Di Gregorio	Chief Executive Officer (appointed 11 January 2010)
Mr Ken Tsurumaru	Chief Executive Officer (until 11 January 2010)
Mr Rod Brandenburg	Chief Financial Officer (appointed 19 April 2010)
Mr Andy Kelk	Chief Information Officer (appointed 12 July 2010)
Mr Ross Farmer	Chief Financial Officer (until 19 April 2010)
Ms Cynthia Chan	Company Secretary (until 15 June 2010)

##### b. Compensation Practices

Refer Remuneration Report segment of the Directors Report

##### c. The compensation of the Key Management Personnel is set out below:

	2010 \$	2009 \$
Short-term employee benefits	983,066	424,363
Share based payments	180,250	136,500
Post-employment benefits	25,737	7,000
Other long term benefits	-	-
Termination benefits	-	-
Total compensation	1,189,053	567,863

##### Shareholdings Key Management Personnel

	Balance 01.01.10 \$	Received as remuneration \$	Options exercised \$	Purchases and sales \$	Balance 31.12.10 \$	Shares not yet issued* \$
<b>Parent Entity Directors</b>						
Mr S Baker	5,657,042	-	-	5,671,589	11,328,631	159,087
Mr P Grove**	60,881,531	-	-	(8,074,278)	52,807,253	112,192
Mr P G Choiselat	11,866,876	-	-	(11,452,528)	414,348	130,517
Mr L Elliot**	-	-	-	-	-	89,731
Mr H Morrow	230,000	-	-	41,819	271,819	138,675
Mr S Weiss	320,000	-	-	58,183	378,183	138,675
<b>Sub-total</b>	78,955,449	-	-	(13,755,215)	65,200,234	768,877
					At 28.6 cents	\$219,899
<b>Parent Entity Executives</b>						
Mr S Di Gregorio	-	-	-	2,360,519	2,360,519	-
Mr R Brandenburg	-	-	-	850,000	850,000	-
Mr A Kelk	-	-	-	11,448	11,448	-
Mr K Tsurumaru	24,000	-	-	-	24,000	-
Mr R Farmer	-	-	-	-	-	-
Ms C Chan	150,000	-	-	-	150,000	-
<b>Sub-total</b>	174,000	-	-	3,221,967	3,395,967	-
<b>Total</b>	<b>79,129,449</b>	<b>-</b>	<b>-</b>	<b>(10,533,248)</b>	<b>68,596,201</b>	<b>768,877</b>

\* These shares have not yet been issued to Non-Executive Directors, however the cost of these shares has been included in Non-Executive Director remuneration.

\*\* Mr Grove and Mr Elliott are shareholders in Catcha Group Pte Ltd which owns 52,907,253 shares in IPGA Limited.

**Share based payments to Non Executive Directors**

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

The remuneration of Non Executive Directors for the year ending 31 December 2010 includes \$180,238 in respect of 630,203 IPGA shares which have not yet been issued to Non Executive Directors. The issue of these shares to Non Executive Directors is subject to the approval of IPGA members at the next Annual General Meeting.

**NOTE 5: AUDITORS' REMUNERATION**

	Consolidated	
	2010	2009
	\$	\$

**Remuneration of the auditor of the parent entity for:**

Auditing or reviewing the financial report	91,400	125,000
Other services	-	-
<b>Total</b>	<b>91,400</b>	<b>125,000</b>

*The auditor of IPGA Limited is Deloitte Touche Tohmatsu*

**NOTE 6: EARNINGS PER SHARE**

	Consolidated	
	2010	2009
	\$	\$

**Reconciliation of earnings to net loss**

Net loss - continuing operations	(2,539,448)	(1,321,943)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	133,627,917	112,881,597
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	133,627,917	112,881,597
Basic loss per share (cents)	(1.90)	(1.17)
Diluted loss per share (cents)	(1.90)	(1.17)

**NOTE 7: CASH AND CASH EQUIVALENTS**

	Consolidated	
	2010	2009
	\$	\$
Cash at bank	1,851,599	848,236
Cash on hand	2,361	2,470
	<u>1,853,960</u>	<u>850,706</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>1,853,960</u>	<u>850,706</u>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2010	2009
	\$	\$
<b>Current</b>		
Trade debtors	1,096,303	889,483
Less provision for doubtful debts	(279,972)	(113,995)
	<u>816,331</u>	<u>775,488</u>
GST receivable	31,931	14,038
<b>Total trade and other receivables</b>	<b><u>848,262</u></b>	<b><u>789,526</u></b>
<b>Ageing of past due but not impaired</b>		
60-90 days	115,173	170,303
90 days plus	42,914	379,775
<b>Total</b>	<b><u>158,087</u></b>	<b><u>550,078</u></b>

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

**Movement in provision for doubtful debts**

Balance at the beginning of year	(113,995)	(23,405)
Doubtful debts allowance recognised during the year	(165,977)	(90,590)
Impairment losses recognised on receivables	-	-
<b>Balance at the end of year</b>	<b><u>(279,972)</u></b>	<b><u>(113,995)</u></b>

**Ageing of impaired trade receivables**

60-90 days	-	-
90 days plus	(279,972)	(113,995)
<b>Total</b>	<b><u>(279,972)</u></b>	<b><u>(113,995)</u></b>

**NOTE 9: OTHER ASSETS**

	Consolidated	
	2010	2009
	\$	\$
<b>Current</b>		
Deposits and Prepayments	424,504	390,299

**NOTE 10: OTHER FINANCIAL ASSETS**

	Consolidated	
	2010	2009
	\$	\$
Movements in investments:		
Balance at beginning of year	-	261,816
Acquisitions	-	-
Disposals	-	-
Adjustments to purchase cost		(12,600)
Impairment losses for the year	-	(249,216)
Balance at end of year	-	-
Represented as:		
Current	-	-
Non-current	-	-

**NOTE 11: PLANT AND EQUIPMENT**

	Consolidated	
	2010	2009
	\$	\$
<b>Plant and equipment</b>		
At cost	439,636	330,031
Less: Accumulated depreciation	(259,914)	(145,459)
	179,722	184,572
<b>Furniture and fittings</b>		
At cost	78,642	41,501
Less: Accumulated depreciation	(47,364)	(19,160)
	31,278	22,341
<b>Leasehold improvements</b>		
At cost	148,087	110,401
Less: Accumulated depreciation	(87,224)	(50,319)
	60,863	60,082
<b>Total plant and equipment</b>	<b>271,863</b>	<b>266,995</b>

### Movements in carrying amounts

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

	Plant and equipment \$	Furniture and fittings \$	Leasehold improve- ments \$	Total \$
<b>Consolidated</b>				
Balance at 1 January 2009	267,151	64,634	39,742	371,527
Acquisition through business combination	-	-	-	-
Acquisitions continuing operations	72,278	2,326	30,113	104,717
Disposals continuing operations	(668)	(50,293)	(9,020)	(59,981)
Disposals discontinued operations	(85,799)	-	-	(85,799)
Depreciation continuing operations	(75,509)	(10,208)	(6,697)	(92,414)
Depreciation discontinued operations	(19,805)	-	-	(19,805)
Net foreign currency exchange differences	26,924	15,882	5,944	48,750
<b>Carrying amount at 31 December 2009</b>	<b>184,572</b>	<b>22,341</b>	<b>60,082</b>	<b>266,995</b>
Acquisition through business combination	-	-	-	-
Acquisitions during the period	123,481	13,596	44,192	181,269
Depreciation expense	(142,887)	(5,541)	(42,819)	(191,247)
Net foreign currency exchange differences	14,556	882	(592)	14,846
<b>Carrying amount at 31 December 2010</b>	<b>179,722</b>	<b>31,278</b>	<b>60,863</b>	<b>271,863</b>

### NOTE 12: INTANGIBLE ASSETS

	Consolidated	
	2010 \$	2009 \$
<b>Websites, domain names, trade marks and other intangibles</b>		
Balance at beginning of the financial year	326,134	326,134
Additions and adjustments	265,904	-
<b>Net carrying value</b>	<b>592,038</b>	<b>326,134</b>

### NOTE 13: GOODWILL

	Consolidated	
	2010 \$	2009 \$
Balance at beginning of the financial year	6,477,147	6,838,959
Additions from business combinations occurring during the year	3,910,282	-
Impairment discontinued operation	-	(361,812)
<b>Net carrying value</b>	<b>10,387,429</b>	<b>6,477,147</b>

### Allocation of goodwill to cash generating units

Goodwill allocated for impairment testing is assigned on the basis of the cash generating unit to which it relates.

The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on the financial budgets approved by management for the 2011 financial year. The 2011 budget is then extrapolated for a further four years at projected growth rates for both revenue and costs, to which a discount rate is applied.

Management has determined that the business CGU's and the appropriate discount rate to be applied based on the risk free rate plus a risk margin appropriate for the market the CGU operates in are Malaysia 18.2% (2009: 28.5%), Singapore 16.5% (2009: 28.5%) and Hong Kong 16.6% (2009: 28.5%).

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

Management annually reviews the carrying value of goodwill and intangible assets to determine whether there is any indication that goodwill or intangible assets have been impaired. The discounted cash flow method of measurement was used to estimate the recoverable amount of those assets. The recoverable amount using the stated method of calculation was greater than the carrying value of the stated assets and accordingly there was no impairment. For details of acquisitions from business combinations refer to note 23.

### NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2010	2009
	\$	\$
<b>Current</b>		
Unsecured liabilities:		
Trade payables	425,160	309,371
Sundry payables and accrued expenses	573,272	391,418
GST payable	56,664	27,957
Billings in advance	1,639,093	1,386,511
Accrued acquisition costs <sup>(i)</sup>	1,826,316	-
	<u>4,520,505</u>	<u>2,115,257</u>

The average credit period on purchases is normally 60 days. No interest is charged on the trade payables.

The Group has financial risk management in place to ensure that all payables are paid within the credit timeframe.

*(i) The accrued acquisition costs relate to the final payment for the acquisition of iProperty.com Expo Sdn Bhd (formerly the Keagen Group Sdn Bhd) and is linked to the earnings of the company for the year ended 31 December 2010. The estimated amount to be paid is a cash component of 3,985,862 Malaysian Ringgit and IPGA shares to the value of 1,708,227 Malaysian Ringgit. Payment and issue of shares is expected to take place in April 2011.*

### NOTE 15: CURRENT TAX ASSETS/ LIABILITIES

	Consolidated	
	2010	2009
	\$	\$
<b>Current tax balances</b>		
Current income tax receivable	2,778	-
Current income tax payable	-	21,092

**NOTE 16: PROVISIONS**

	Consolidated	
	2010	2009
	\$	\$
<b>Current</b>		
Employee entitlements:		
Opening balance	46,510	77,683
Amounts charged	25,931	-
Payments made	-	(31,173)
Closing balance	72,441	46,510
Staff Incentives and bonuses	522,996	-
Other amounts	6,756	-
	602,192	46,510
Number of employees	152	97

**NOTE 17: ISSUED CAPITAL**

	Notes	Consolidated	
		2010	2009
		\$	\$
145,530,574 fully paid ordinary shares			
(2009: 114,978,784 fully paid ordinary shares).	18a	14,845,380	9,849,263
<b>a. Ordinary shares</b>			
Opening Balance		9,849,263	9,142,568
Apr 09 - 640,000 shares issued to Directors at 25 cents per share		-	160,000
May 09 - 5,000,000 shares issued to CAV Investment Holdings Pty Ltd at 10 cents per share		-	500,000
Jun 09 - 1,052,602 issued as part consideration to vendors of Keagan Group at 13 cents per share		-	136,838
Jan 10 - 1,000,000 shares issued to Shaun Di Gregorio at 10 cents per share		100,000	-
Apr 10 - 21,087,274 shares issued as part of a rights issue at 12 cents per share		2,530,473	-
May 10 - 400,000 shares issued to Rod Brandenburg at 25 cents per share		100,000	-
Sep 10 - 8,064,516 shares issued in a placement at 31 cents per share		2,500,000	-
Share issue costs		(234,356)	(90,143)
<b>Closing Balance</b>		14,845,380	9,849,263

	Consolidated	
	2010	2009
	No.	No.

#### a. Ordinary shares

Opening Balance	114,978,784	108,286,182
Shares issued during the year:		
Apr 09 - 640,000 shares issued to Directors at 25 cents per share	-	640,000
May 09 - 5,000,000 shares issued to CAV investment Holdings Pty Ltd at 10 cents per share	-	5,000,000
Jun 09 - 1,052,602 issued as part consideration to vendors of Keagan Group at 13 cents per share	-	1,052,602
Jan 10 - 1,000,000 shares issued to Shaun Di Gregorio at 10 cents per share	1,000,000	-
Apr 10 - 21,087,274 shares issued as part of a rights issue at 12 cents per share	21,087,274	-
May 10 - 400,000 shares issued to Rod Brandenburg at 25 cents per share	400,000	-
Sep 10 - 8,064,516 shares issued in a placement at 31 cents per share	8,064,516	-
<b>Closing Balance</b>	<b>145,530,574</b>	<b>114,978,784</b>

#### b. Options & Rights

Subsequent to balance date 720,765 rights over ordinary shares were issued to Shaun Di Gregorio and Rod Brandenburg based on the future performance of the Company. The rights if the targets are met will vest February 2013.

No options have been issued by the Company.

#### c. Shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called. Otherwise each shareholder has one vote on show of hands.

**NOTE 18: RESERVES**

	Consolidated	
	2010	2009
	\$	\$
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the financial year	(148,416)	136,608
Translation of foreign operations	(68,479)	(285,024)
Balance at the end of the financial year	<u>(216,895)</u>	<u>(148,416)</u>
<b>Equity reserve</b>		
Balance at the beginning of the financial year	(182,514)	-
Equity reserve resulting from increase in interest in controlled entity	-	(182,514)
Balance at the end of the financial year	<u>(182,514)</u>	<u>(182,514)</u>
<b>Treasury share reserve</b>		
Balance at the beginning of the financial year	-	-
Movement of shares owned in IPGA by employee share plan	(48,000)	-
Balance at the end of the financial year	<u>(48,000)</u>	<u>-</u>
Reserves at the end of the financial year	<u><b>(447,409)</b></u>	<u><b>(330,930)</b></u>

**NOTE 19: ACCUMULATED LOSSES**

	Consolidated	
	2010	2009
	\$	\$
Accumulated Losses		
Balance at the beginning of the financial year	(2,600,385)	(695,505)
Net operating loss for the financial year attributable to member of the parent entity	(2,539,448)	(1,904,880)
Total available for appropriation	<u>(5,139,833)</u>	<u>(2,600,385)</u>
<b>Accumulated loss at the end of the financial year</b>	<u><b>(5,139,833)</b></u>	<u><b>(2,600,385)</b></u>

## NOTE 20: CAPITAL AND LEASING COMMITMENTS

### Finance lease commitments

The consolidated group does not have any finance leases.

### Non cancellable operating lease commitments

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

	Consolidated	
	2010	2009
	\$	\$
Payable:		
Not later than one year	254,552	81,161
Later than 1 year but not later than 5 years	137,817	35,099
<b>Total liability</b>	<b>392,369</b>	<b>116,260</b>

Operating lease commitments relate to premises occupied by the Group with lease terms currently still available of under 2 years. The Group does not have an option to purchase the premises at the expiry of the lease period.

## NOTE 21: CASH FLOW INFORMATION

	Consolidated	
	2010	2009
	\$	\$
<b>a. Reconciliation of cash flow from operations with loss from ordinary activities after income tax</b>		
Loss from ordinary activities after income tax	(2,539,448)	(1,904,880)
<b>Non-cash flows in loss from ordinary activities</b>		
Depreciation	191,247	92,414
Doubtful debts expense	199,539	164,294
Impairment - Goodwill	-	361,812
Impairment - Unlisted investment	-	249,216
Leave provisions	25,931	(31,173)
<b>Change in net assets and liabilities, net of effect from acquisition and disposal of businesses</b>		
Decrease in trade and other receivables	(224,713)	345,224
(Increase)/Decrease in other assets	(34,205)	33,318
Accounts receivable acquired with investing cash flows	(24,272)	-
Increase in trade and other payables	394,137	65,303
Increase in expense provisions	529,751	-
Increase in current tax payable	(23,870)	(128,649)
Net cash outflow from operating activities	<b>(1,505,902)</b>	<b>(753,121)</b>
<b>b. Acquisition of entities</b>		
<b>Cost of purchases</b>	<b>2,083,966</b>	<b>182,514</b>
Cash paid component	2,083,966	182,514
Less cash acquired	(35)	-
Net cash paid for subsidiary	<b>2,083,931</b>	<b>182,514</b>

**NOTE 22: CONTROLLED ENTITIES**

	Country of incorporation	Percentage Owned	
		2010	2009
<b>Parent Entity</b>			
IPGA Limited	Australia	%	%
<b>Subsidiaries of IPGA Limited</b>			
iProperty.com Pty Ltd	Australia	100	100
IPGA Share Plan Pty Ltd	Australia	100	100
Iproperty Group Asia Pte Ltd	Singapore	100	100
Iproperty.com Singapore Pte Ltd	Singapore	100	100
Info-Tools Pte Ltd	Singapore	100	100
Gohome H.K.Co. Limited	Hong Kong	100	100
Finance18.com Limited	Hong Kong	100	100
House18 Service Limited	Hong Kong	100	100
Iproperty.com Malaysian Sdn Bhd	Malaysia	100	100
Iproperty.com Events Sdn Bhd	Malaysia	100	100
Think Media Sdn Bhd	Malaysia	100	-

**NOTE 23: ACQUISITION OF BUSINESSES**

Name of business acquired	Principal activity	Date of Acquisition	Percentage of shares acquired	Cost of acquisition
			%	\$
<b>Acquisitions in 2010</b>				
Think Media Sdn Bhd	Online Advertising	31/7/2010	100	2,083,966
<b>Total in 2010</b>				<u>2,083,966</u>
<b>Acquisitions in 2009</b>				
Nil				
<b>Total in 2009</b>				<u>-</u>

**Fair value of assets and liabilities acquired at acquisition date:**

Balance sheet item	Think Media Sdn Bhd			Total fair value on acquisition \$
	Book value \$	Fair value adj \$ \$	Fair value on acquisition \$ \$	
<b>Current assets:</b>				
Cash and cash equivalents	35	-	35	35
Trade and other receivables	-	-	-	-
Other assets	-	5,627	5,627	5,627
Other financial assets	-	-	-	-
<b>Total current assets</b>	<b>35</b>	<b>5,627</b>	<b>5,662</b>	<b>5,662</b>
<b>Non current assets:</b>				
Other financial assets	-	-	-	-
Property, plant and equipment	1,083	(1,083)	-	-
Intangible assets	-	-	-	-
<b>Total non current assets</b>	<b>1,083</b>	<b>(1,083)</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,119</b>	<b>4,543</b>	<b>5,662</b>	<b>5,662</b>
<b>Current liabilities:</b>				
Trade and other payables	22,125	87	22,212	22,212
Current tax liabilities	-	-	-	-
Borrowings	643,480	(643,480)	-	-
Provisions	-	-	-	-
<b>Total current liabilities</b>	<b>665,605</b>	<b>(643,393)</b>	<b>22,212</b>	<b>22,212</b>
<b>Total liabilities</b>	<b>665,605</b>	<b>(643,393)</b>	<b>22,212</b>	<b>22,212</b>
<b>Net assets</b>	<b>(664,486)</b>	<b>647,937</b>	<b>(16,549)</b>	<b>(16,549)</b>
Total purchase consideration			2,083,966	2,083,966
Goodwill on acquisition			2,100,515	2,100,515

Net cash flow on acquisition	Think Media Sdn Bhd \$	Total \$
Total purchase consideration	2,083,966	2,083,966
Less: non-cash consideration	-	-
Less: accrued consideration	-	-
Consideration paid or payable in cash	2,083,966	2,083,966
Less: cash and cash equivalent balances acquired	(35)	(35)
<b>Net cash flow on acquisition</b>	<b>2,083,931</b>	<b>2,083,931</b>

**Acquisition of Think Media Sdn Bhd**

On 31 July 2010 IPGA Ltd, by way of its wholly owned subsidiary iProperty Group Asia Pte Ltd, acquired 100% of the issued capital of Think Media Sdn Bhd ("Think Media"). The purchase consideration was \$2,083,966.

The acquired business contributed revenues of \$127,844, EBITDA of \$57,632 and net profit after tax of \$57,632 to the Group for the period.

The directors do not consider it practical to estimate what consolidated revenues and profit for the year ended 31 December 2010 would have been if the acquisition had occurred on 1 January 2010 as Think Media was previously unaudited. The initial accounting for this business combination has been determined on a provisional basis.

## NOTE 24: SEGMENT REPORTING

### Identification of segments

The group has identified its segments based on the internal reports that are used and reviewed by the executive management team (the chief operating decision makers) in assessing performance and determining the allocation of resources.

### Business segments:

The Company operates in only one business segment which is the online advertising segment.

### Geographical segments:

The Groups reports it's geographical segments internally as Malaysia, Singapore, Hong Kong and Australia.

Geographical location	Segment revenues		Segment results	
	2010	2009	2010	2009
	\$	\$	\$	\$
Malaysia	4,018,518	1,915,998	261,690	(83,399)
Singapore	2,210,320	1,427,642	(1,494,702)	(783,266)
Hong Kong	1,003,956	676,253	(789,555)	(373,776)
Australia	34,148	24,823	(543,184)	(166,316)
Discontinued	-	455,047	-	(582,937)
<b>Total</b>	<b>7,266,943</b>	<b>4,499,763</b>	<b>(2,556,750)</b>	<b>(1,989,693)</b>

Geographical location	Segment assets		Segment liabilities	
	2010	2009	2010	2009
	\$	\$	\$	\$
Malaysia	1,385,910	1,213,029	1,209,899	857,604
Singapore	11,066,155	7,166,302	2,817,346	793,139
Hong Kong	273,415	638,557	383,374	241,666
Australia	1,655,355	82,919	712,078	290,450
<b>Total</b>	<b>14,380,835</b>	<b>9,100,807</b>	<b>5,122,697</b>	<b>2,182,859</b>

## NOTE 25: RELATED PARTY TRANSACTIONS

### Equity interests in subsidiaries

IPGA Ltd owns 100% of ordinary shares in all its subsidiaries (refer note 22).

### Key Management Personnel equity holdings in IPGA Limited

Refer note 4 Key Management Personnel Compensation

	Consolidated	
	2010	2009
	\$	\$

### TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

#### i. Director-related Entities

Administrative services fees, facilities fees and occupancy fees were charged by Beconwood Securities Pty Ltd, a company associated with Paul G Choiselat to the group. The outstanding unpaid balance at year end is nil.

162,938      201,158

Accounting services fees and consulting service fees were charged by Catcha Media Group Pte Ltd, a company associated with Patrick Grove to the group. The outstanding unpaid balance at year end is nil.

4,252      134,038

Interest was paid associated with a short term loan provided by Simon Baker during the year to assist with the acquisition of Think Media. The loan was repaid in September 2010 and thus the outstanding balance is nil. Interest was calculated at 10% pa.

11,126      -

---

**178,316      335,196**

---

#### ii. Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:

— ordinary shares

---

64,816,705      79,195,449

---

## NOTE 26: FINANCIAL INSTRUMENTS

### (a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

"The Group's overall strategy remains unchanged from the previous annual report lodged for financial year end 31 December 2009. The capital structure of the Group includes equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 18, 19 and 20 respectively. The Group operates in various countries, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

The Group has sufficient operating cash flows to maintain the group's current level of operations as well as to make the routine outflows of tax and the payment of any earn outs under contract."

### Gearing ratio

The Group's management and Directors monitor the capital structure on a monthly basis.

The gearing ratio at year end was as follows:

	Consolidated	
	2010	2009
	\$	\$
<b>Financial liabilities</b>		
Loans	-	-
Debts	-	-
	-	-
Equity	9,258,138	6,917,948
Net debt to equity ratio (%)	N/A	N/A
<b>(b) Categories of financial instruments</b>		
<b>Financial assets</b>		
Fair value through profit or loss (FVTPL):		
Cash and cash equivalents	1,853,960	850,706
Loans and receivables	848,262	789,526
	2,702,223	1,640,232
Financial liabilities		
Fair value through profit or loss (FVTPL):		
Loans	-	-
Trade and other payables	4,520,505	2,115,257
	4,520,505	2,115,257

### (c) Financial risk management objectives

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk analysis by management on a regular basis including exposures by degree and magnitude of risks. These risks include market (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### (d) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The exposure is however minimal. The Group's overseas revenues are serviced by subsidiaries that are based in those countries therefore bringing its foreign currency exposure to just translation when converting to Parent company currency for financial reporting purposes and transactions that are intercompany. Due to the minimum exposure, the Group has not used any hedging instruments and there is no foreign exchange risk at balance date for group and company.

**(e) Interest rate risk management**

The Group manages its interest rate risk by ensuring that operations are sustained by operating cash flows as much as possible and so debt facilities are not required. The Group's exposure to interest rate risk is limited to the movement in interest rate in terms of its cash held at bank as listed in note 7.

Average interest rate (%)	Consolidated	
	Income	Variance to actual
	\$	\$
2.00 (actual)	34,148	-
2.50 (+ 0.5)	42,685	8,537
3.00 (+ 1.0)	51,222	17,074
1.50 (- 0.5)	25,611	(8,537)
1.00 (-1.0)	17,074	(17,074)

The above sensitivity analysis shows the actual amount of interest decrease or increase depending on the rise or fall of interest rates.

**(f) Foreign currency sensitivity analysis**

The Group is mainly exposed to Singapore dollars (SGD), Malaysian Ringgit (MYR) and Hong Kong dollars (HKD).

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

	SGD Impact	
	Consolidated	
	2010	2009
Profit or loss	-	-
Other equity	964,876	687,200

	MYR Impact	
	Consolidated	
	2010	2009
Profit or loss	-	-
Other equity	80,514	79,048

	HKD Impact	
	Consolidated	
	2010	2009
Profit or loss	-	-
Other equity	107,009	60,601

**(g) Credit risk management**

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

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

**(h) Liquidity risk management**

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

**Liquidity and interest risk table**

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

Consolidated - 2010	weighted average effective interest rate %	1-3 months	Within 1 year	1-5 years	Total
		\$	\$	\$	\$

**Financial assets**

Cash and cash equivalents	2.00%	1,853,960	-	-	1,853,960
Trade receivables	0.00%	816,331	-	-	816,331
Other receivables	0.00%	31,931	-	-	31,931
		<u>2,702,222</u>	<u>-</u>	<u>-</u>	<u>2,702,222</u>

**Financial liabilities**

Trade payables	0.00%	425,160	-	-	425,160
Other payables	0.00%	2,866,025	1,229,320	-	4,095,345
		<u>3,291,185</u>	<u>1,229,320</u>	<u>-</u>	<u>4,520,505</u>

Consolidated - 2009	weighted average effective interest rate %	1-3 months	Within 1 year	1-5 years	Total
		\$	\$	\$	\$

**Financial assets**

Cash and cash equivalents	4.00%	850,706	-	-	850,706
Trade receivables	0.00%	775,488	-	-	775,488
Other receivables	0.00%	14,038	-	-	14,038
		<u>1,640,232</u>	<u>-</u>	<u>-</u>	<u>1,640,232</u>

**Financial liabilities**

Trade payables	0.00%	309,371	-	-	309,371
Other payables	0.00%	1,805,886	-	-	1,805,886
		<u>2,115,257</u>	<u>-</u>	<u>-</u>	<u>2,115,257</u>

**(i) Fair value of financial instruments**

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

## NOTE 27: PARENT ENTITY INFORMATION

Information relating to the parent entity IPGA Limited

	2010	2009
	\$	\$
Current assets	1,289,572	1,703,566
Non current assets	13,056,804	7,762,845
Total assets	14,346,376	9,466,411
Current liabilities	677,371	289,107
Non current liabilities		
Total liabilities	677,371	289,107
<b>Net assets</b>	<b>13,669,005</b>	<b>9,177,304</b>
Contributed equity	14,845,379	9,849,263
Reserves	-	-
Retained earnings	(1,176,374)	(671,959)
Total shareholders equity	13,669,005	9,177,304
Loss of the parent entity	504,415	250,500
Total comprehensive loss of the parent entity	504,415	250,500

## NOTE 28: CONTINGENT LIABILITIES

Various claims arise in the ordinary course of business against IPGA Limited and its subsidiaries. The amount of the liability (if any) at 31 December 2010 can not be ascertained and IPGA Limited believes that any resulting liability would not materially affect the position of the group.

## NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date 720,765 rights over ordinary shares as part of the long term incentive plan were issued to Shaun Di Gregorio and Rod Brandenburg based on the future performance of the company. The rights if the targets are met will vest February 2013. No options have been issued by the Company.

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## **DirectorS' DECLARATION**

The Directors declare that:

A) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

B) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

C) In the directors opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

D) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors.



**Simon Baker**  
**Director**

Dated this 25th day of February 2011



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

550 Bourke Street  
Melbourne VIC 3000  
GPO Box 78  
Melbourne VIC 3001 Australia

DX: 111  
Tel: +61 (0) 3 9671 7000  
Fax: +61 (0) 9671 7001  
www.deloitte.com.au

## Independent Auditor's Report to the Members of IPGA Limited

### Report on the Financial Report

We have audited the accompanying financial report of IPGA Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 31 to 63.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IPGA Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



*Opinion*

In our opinion:

- (a) the financial report of IPGA Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that for the year ended 31 December 2010 the consolidated entity incurred a loss of \$2,539,448 after tax, cash outflows from operating activities of \$1,505,902 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$1,993,192. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity and the company to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 23 to 29 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion the Remuneration Report of IPGA Limited for the year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Robert D D Collie  
Partner  
Chartered Accountants  
Melbourne, 25 February 2011

## **ADDITIONAL INVESTOR INFORMATION**

### **STOCK EXCHANGE LISTING**

IPGA is listed on ASX under the code IPP for ordinary shares.

### **DISTRIBUTIONS**

No distributions or dividends have been paid by IPGA for the year.

### **REGISTRY**

Registries Limited is IPGA's security register manager and holds all shareholder records electronically. Registries Limited is also responsible for the maintenance of shareholder records and the preparation of distribution payments. Contact details for Registries Limited are set out on the last page of this Report.

### **INVESTOR SUPPORT**

If you have any queries regarding your investment, please contact +612 9290 9600 or visit their website at [www.registrieslimited.com.au](http://www.registrieslimited.com.au). Please note there is a section of the website designed to provide shareholders with the forms necessary to initiate changes of the details held at the registry. Enquiries may also be e-mailed via Computershare's website ([www.registrieslimited.com.au](http://www.registrieslimited.com.au)).

Requests for changes to your holding details, distribution payment details, or general enquires can all be directed to the Registries Shareholder Service Centre.

### **ANNUAL REPORT**

All shareholders are entitled to receive a copy of the Annual Report. If you do not require the Annual Report, or if you receive more copies than you require, please notify Registries Limited at the address shown on the last page of this Report. The Annual Report and Financial Statements can also be downloaded from the ASX Announcement area of our website at [www.iproperty.com](http://www.iproperty.com)

### **ANNUAL GENERAL MEETING**

IPGA's last Annual General Meeting was held on 19 May 2010. Shareholders endorsed the re-appointment of Mr Hugh Morrow and appointments of Simon Baker and Luke Elliot, and were given an overview of the performance of the Company.

The next Annual General Meeting will be held on Tuesday, 24 May 2011 in Sydney. Notice of Meeting and Proxy Form are included with this Report.

## STATEMENT OF SHAREHOLDERS

Twenty (20) Largest Holders of quoted Ordinary Shares as at 16 March 2011

Shareholder	No of securities held	Percentage held
CATCHA MEDIA GROUP PTE LTD	52,807,253	36.286
CAV INVESTMENT HOLDINGS PTY LTD	11,328,631	7.784
NATIONAL NOMINEES LIMITED	8,688,637	5.970
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,016,501	5.508
TAY KAM CHIEW	6,693,721	4.600
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	4,066,407	2.794
CITICORP NOMINEES PTY LIMITED	3,250,616	2.234
HOLDEX NOMINEES PTY LTD <NO 392 A/C>	3,000,000	2.061
MR JIA LIANG WONG	2,487,335	1.709
MR PETER FREDERICK PHILLIPS	2,454,723	1.687
SUET LEE KONG	2,409,690	1.656
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,277,983	1.565
TAY KAM KIANG	1,840,208	1.264
COMPERIO INVESTMENT MANAGEMENT LIMITED	1,612,900	1.108
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,526,332	1.049
LOW YUET WAH	1,434,872	0.986
WONG FOOK YEE	1,434,872	0.986
MR SHAUN ANTONY DIGREGORIO	1,360,519	0.935
MR SIN LEONG KONG	1,071,484	0.736
EFFIE HOLDINGS PROPERTIES PTY LTD	1,000,000	0.687
MR SHAUN ANTONY DI GREGORIO	1,000,000	0.687
<b>Totals for Top 20</b>	119,762,684	82.294
<b>Total IC</b>	<b>145,530,574</b>	

Notes:

(1) Shares subject to voluntary escrow - 687,820 shares until 7 March 2010; 526,301 shares until 5 June 2011

(2) Shares subject to voluntary escrow - 687,820 shares until 7 March 2010; 526,301 shares until 5 June 2011

## DISTRIBUTION OF SHAREHOLDERS

Range	Number of shareholders as at 16 march 2011
1 - 1000	15
1,001 - 5000	69
5,001 - 10,000	144
10,001 - 100,000	319
100,001 and over	70
Total number of holders	617
Holders of less than a marketable parcel	15

## SUBSTANTIAL SHAREHOLDERS

Shareholder	No of securities held	Percentage held
CATCHA GROUP PTE LTD	52,807,253	36.29%
CAV INVESTMENT HOLDINGS PTY LTD	11,328,631	7.78%
NATIONAL NOMINEES LIMITED	8,688,637	5.88%
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,016,501	5.51%

### Voting Rights

Under the Company's Constitution, each member present at a general meeting is entitled:

1. on a show of hands, to one vote; and
2. on a poll, to one vote for each share held or represented.

Options do not carry voting rights.

## Corporate Directory

### LISTED ENTITIES COMPRISING IPGA:

IPGA Limited  
 ABN 99 126 188 538

### ASX LISTING CODE:

IPP

### WEBSITE:

www.ipgalimited.com  
 www.iproperty.com

### DIRECTORS OF IPGA:

Simon Baker - Chairman  
 Patrick Grove – Deputy Chairman  
 Hugh Morrow  
 Samuel Weiss  
 Lucas Elliott  
 Georg Chmiel

### CEO OF IPGA:

Shaun DiGregorio  
 Email: shaundig@iproperty.com

### COMPANY SECRETARY OF IPGA:

Nick Geddes  
 Email: ngeddes@austcosec.com.au

### SHARE REGISTRY:

Registries Limited  
 Level 2  
 28 Margaret Street  
 Sydney NSW 2000  
 Australia  
 www.registrieslimited.com.au

### AUDITORS OF IPGA:

Deloitte Touche Tohmatsu  
 180 Lonsdale Street  
 MELBOURNE VIC 3000

### REGISTERED OFFICE:

Level 9  
 20 Hunter Street  
 Sydney NSW 2001  
 Australia  
 Tel: +612 9252 1933  
 Fax: +612 9252 2709

### PRINCIPAL PLACE OF BUSINESS:

45-6 The Boulevard  
 Mid Valley City 59200  
 Kuala Lumpur  
 Malaysia  
 Tel: +603 2264 6888  
 Fax: +603 2264 6999

### OTHER OFFICES:

iProperty Singapore  
 #08-05  
 United Square Office Tower  
 101 Thomson Road  
 Singapore 307951

GoHome H.K. Co. Ltd  
 Tai Yip Building  
 141 Thomson Road  
 Wan Chai  
 Hong Kong

## Glossary

ASX	Australian Stock Exchange
Auditor	Auditor of IPP being Deloitte Touche Tohmatsu
Board	Board of Directors of IPGA
CEO	Chief Executive Officer of IPGA
CFO	Chief Financial Officer of IPGA
Company	IPGA Ltd, ABN 99 126 188 538
Group	IPGA Ltd and its controlled entities
IPGA	IPGA Ltd, ABN 99 126 188 538
Ordinary Shares	ordinary shares in IPGA
pa	per annum
Year	financial year