

Rent.com.au Limited

(ABN 25 062 063 692)

APPENDIX 4D

Half Year Report for the half-year ended 31 December 2016

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous corresponding period')
25 062 063 692	31 December 2016	31 December 2015

1. RESULTS FOR ANNOUNCEMENT TO MARKET

	2016	2015	%
	\$'000	\$'000	Change
1.1. Revenue from ordinary activities	742	254	Up 192%
1.2. Profit after tax from ordinary activities attributable to members.	(5,794)	(4,477)	Down 29.4%
1.3. Net Profit for the period attributable to members	(5,794)	(4,477)	Down 29.4%
1.4. Dividends	There were no dividends paid or payable for the half year ended 31 December 2016.		
1.5. Record date for determining entitlements to the final dividend.	N/A		
1.6. Commentary on results	Refer to the "Review of Operations" section included within the directors' report of that attached financial report for the half year ended 31 December 2016.		

2. NET TANGIBLE ASSETS PER SHARE

	31 December	31 December
	2016	2015
	\$/share	\$/share
Net tangible asset backing per ordinary security	0.027	0.043

3. CONTROL GAINED OR LOST OVER ENTITIES IN THE YEAR

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Consolidated profit/ (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Consolidated profit/ (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A

4. DIVIDEND DETAILS

There were no dividends paid or payable for the year ended 31 December 2016.

5. DIVIDEND REINVESTMENT PLAN

There was no dividend reinvestment plan in operation during the year.

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

There are no associates or joint venture entities.

7. AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. ATTACHMENTS

The interim report of Rent.com.au Limited for the half-year ended 31 December 2016 is as attached.

Sign here:



Date: 22 February 2017

Dr. Garry Garside

Non-executive Chairman



Rent.com.au Limited

ABN 25 062 063 692

Interim Financial Report for the half-year ended 31 December 2016

Rent.com.au Limited
Directors' report
31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as “the Group”) consisting of Rent.com.au Limited (referred to hereafter as “the Company”) and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were directors of Rent.com.au Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Garry Garside	(Non-Executive Chairman)
Philip Warren	(Non-Executive Director)
John Wood	(Non-Executive Director)
Samuel McDonagh	(Non-Executive Director)
Mark Woschnak	(Managing Director – resigned on 25 July 2016)

Principal activities

The Group operates real estate websites focusing on the rental property market. The primary website operated by the Group is www.rent.com.au.

Review of operations

The loss for the Group amounted to \$5,794,317 (31 December 2015: \$4,477,188). The net operating loss included non-cash share based payments expenses of \$2,023,893 (31 December 2015: \$1,724,854) associated with performance based convertible securities issued to shareholders and employees.

The half-year ended 31 December 2016 was characterised by significant change as the Group moved into the next stage of its commercialisation plan. In August 2016, the Group’s staffing complement was reduced from 55 to 31 staff members overall, with the changes aimed at aligning more staff to customer and product development roles, resulting in approximately 75% of staff directly involved in developing and supporting the Group’s products. \$388,749 of redundancy and payment in lieu of notice costs were incurred in effecting these changes.

Key to the Group’s commercialisation plan is the development of additional functionality to entrench rent.com.au’s positioning as the renter advocate, allowing it to strengthen its market position and offering to its large and unique renter audience. The first series of these enhancements were deployed to the www.rent.com.au site during the half-year ended 31 December 2016 and included:

- Renter Resume and Pet Resume – renter profile feature allowing automated property enquiries and applications;
- Walk Score® - helps renters evaluate walkability and commute time when choosing their homes; and
- Landlord Smart Package – paid for property listing package for private landlords

Enhancements were also made to the www.rent.com.au website to reposition the Group’s renter products RentCheck, RentBond and RentConnect within the new online application process. This included changing service providers for RentBond. In developing this new functionality, the Group incurred \$387,844 of software development costs which it capitalised during the half-year, with additional costs of research being expensed through profit and loss.

By 31 December 2016, over 34,000 people had created a Renter Resume and sales of the renter products increased by 69% over the half-year ended 30 June 2016, and 142% over the half-year ended 31 December 2015. Overall revenues increased 50% over the half-year ended 30 June 2016, and 193% over the half-year ended 31 December 2015 driven by increased product sales and advertising revenue.

The Group reduced its costs by 16% compared with the half-year ended 30 June 2016, by effecting the redundancies noted above and by reducing overhead costs while continuing sales and marketing expenditure. \$1,247,101 of sales and marketing expenditure was incurred in the half-year ended 31 December 2016, an increase of 51% over half-year ended 31 December 2015.

Significant changes in the state of affairs

On 26 October 2016 the Company successfully completed the placement of 13,000,000 shares with institutional and sophisticated investors under its Listing Rule 7.1 placement capacity. The placement was completed at an issue price of \$0.10 per share, raising \$1,300,000 (before costs).

On 16 November 2016 the Company successfully completed the fully underwritten, non-renounceable pro rata offer ("the Rights Issue") of 37,197,542 shares at an issue price of \$0.10 per share to raise \$3,719,754 (before costs), bringing the total capital raised to \$5,019,754 (before costs).

The capital raised via the Placement and Rights Issue will be used to help accelerate commercialisation and the development of further key customer products and innovations similar to Renter Resume and Walk Score®

On 22 July 2016, the Founder and Managing Director of Rent.com.au, Mr. Mark Woschnak, announced that he was stepping down from his roles with the Group. Mr. Greg Bader was appointed as Chief Executive Officer on 23 August 2016 following a thorough recruitment process undertaken by the Board.

By agreement with the Board, the Options and Performance Rights held by Mr. Woschnak at the date of his resignation were treated as follows:

1. The following securities where the performance criteria had already been met, became vested and capable of being exercised on and with effect from 22 July 2016:
 - 9,000,000 Tranche 1 Options;
 - 4,500,000 Tranche 2 Options;
 - 3,333,334 Tranche 4 Options;
 - 3,333,333 Tranche 5 Options;
 - 2,110,976 Tranche 1 Performance Rights; and
 - 1,172,765 Tranche 4 Performance Rights,
2. For the following securities where the performance criteria had not yet been met, the continuous service vesting conditions applicable to them are waived and the securities will continue to be held subject to the rules of the LTIP and will vest upon achievement of a Volume Weighted Average share Price of \$0.60 over a 20-day period:
 - 4,500,000 Tranche 3 Options; and
 - 3,333,333 Tranche 6 Options
3. The following securities irrevocably lapsed on 22 July 2016 and are incapable of vesting or being exercised:
 - 2,110,976 Tranche 2 Performance Rights;
 - 2,110,976 Tranche 3 Performance Rights;
 - 1,172,765 Tranche 5 Performance Rights; and
 - 1,172,765 Tranche 6 Performance Rights

Events since the end of the financial period

On 13 January 2017, 795,720 performance rights, previously issued on 17 June 2015, were converted to ordinary shares after the vesting conditions were satisfied.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dr. Garry Garside
Non-executive Chairman
Perth, 22 February 2017

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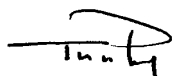
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Rent.com.au Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 22 February 2017

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General information

The financial statements cover Rent.com.au Limited as a consolidated entity ("the Group") consisting of Rent.com.au Limited ("the Company") and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Rent.com.au Limited's functional and presentation currency.

Rent.com.au Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

945 Wellington Street
West Perth
WA 6005

Principal place of business

7 Ventnor Avenue
West Perth
WA 6005

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2017.

Rent.com.au Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$	31 Dec 2015 \$
Revenue	3	742,586	253,490
Other income		37,951	22,639
		<hr/>	<hr/>
		780,537	276,129
Administration charges		(249,108)	(337,836)
Consulting & business development costs		(240,470)	(228,870)
Depreciation and amortisation expense		(238,478)	(148,578)
Employee benefit expenses		(2,294,746)	(1,317,605)
Finance costs		(3,777)	(18,973)
Information technology costs		(188,850)	(105,727)
Share based payment expenses		(2,023,893)	(1,724,854)
Sales and marketing expenses		(1,247,101)	(824,179)
Other cost of sales		(88,431)	(46,695)
		<hr/>	<hr/>
Loss before income tax expense		(5,794,317)	(4,477,188)
Income tax expense		-	-
		<hr/>	<hr/>
Loss after income tax expense for the half-year		(5,794,317)	(4,477,188)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the half-year is attributable to the owners of Rent.com.au Limited		(5,794,317)	(4,477,188)
		<hr/> <hr/>	<hr/> <hr/>
Earnings Per Share		Cents	Cents
Basic and diluted earnings per share		(3.61)	(4.95)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Rent.com.au Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated	
		31 Dec 2016	30 June 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		5,770,598	6,080,209
Trade and other receivables		391,729	170,430
Total current assets		<u>6,162,327</u>	<u>6,250,639</u>
Non-current assets			
Plant and equipment		109,066	122,060
Intangible assets		786,255	754,799
Total non-current assets		<u>895,321</u>	<u>876,859</u>
Total assets		<u>7,057,648</u>	<u>7,127,498</u>
Liabilities			
Current liabilities			
Trade and other payables		679,074	1,405,399
Borrowings		46,468	41,542
Employee benefits		183,452	363,912
Total current liabilities		<u>908,994</u>	<u>1,810,853</u>
Non-current liabilities			
Borrowings		46,168	36,086
Trade and other payables		-	63,350
Total non-current liabilities		<u>46,168</u>	<u>99,436</u>
Total liabilities		<u>955,162</u>	<u>1,910,289</u>
Net assets		<u>6,102,486</u>	<u>5,217,209</u>
Equity			
Issued capital	4	32,090,387	26,777,938
Reserves		6,190,398	4,823,253
Accumulated losses		(32,178,299)	(26,383,982)
Total equity		<u>6,102,486</u>	<u>5,217,209</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Rent.com.au Limited
Statement of changes in equity
For the half-year ended 31 December 2016

	Issued capital	Share based payment reserves	Accumulated loss	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2015	16,773,963	1,007,983	(13,563,397)	4,218,549
Loss after income tax expense for the half-year	-	-	(4,477,188)	(4,477,188)
Total comprehensive loss for the half-year	-	-	(4,477,188)	(4,477,188)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issues	3,687,565	-	-	3,687,565
Share issue costs	(242,299)	-	-	(242,299)
Share based payments	-	1,724,854	-	1,724,854
Balance at 31 December 2015	20,219,229	2,732,837	(18,040,585)	4,911,481

	Issued capital	Share based payment reserves	Accumulated loss	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2016	26,777,938	4,823,253	(26,383,982)	5,217,209
Loss after income tax expense for the half-year	-	-	(5,794,317)	(5,794,317)
Total comprehensive loss for the half-year	-	-	(5,794,317)	(5,794,317)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issues	5,676,502	-	-	5,676,502
Share issue costs	(364,053)	-	-	(364,053)
Share based payments	-	1,367,145	-	1,367,145
Balance at 31 December 2016	32,090,387	6,190,398	(32,178,299)	6,102,486

The above statement of changes in equity should be read in conjunction with the accompanying notes

Rent.com.au Limited
Statement of cash flows
For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016	31 Dec 2015
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		692,090	230,696
Payments to suppliers and employees (inclusive of GST)		(5,274,935)	(2,711,623)
		<u>(4,582,845)</u>	<u>(2,480,927)</u>
Other revenue		12,914	22,639
Interest and other finance costs paid		(3,778)	(18,972)
		<u>(4,573,709)</u>	<u>(2,477,260)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for plant and equipment		(18,406)	(71,451)
Payments for intangible assets		(387,844)	(187,097)
		<u>(406,250)</u>	<u>(258,548)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of share capital (net)		4,655,702	3,445,266
Proceeds from borrowings		39,688	63,058
Repayment of borrowings		(25,042)	(9,371)
		<u>4,670,348</u>	<u>3,498,953</u>
Net cash provided by financing activities			
Net (decrease)/increase in cash and cash equivalents		(309,611)	763,145
Cash and cash equivalents at the beginning of the financial half-year		6,080,209	4,453,304
		<u>5,770,598</u>	<u>5,216,449</u>
Cash and cash equivalents at the end of the financial half-year			

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The Group operates as a single operating segment with different revenue streams. The Board (the Chief Operating Decision Makers ('CODM') of the business) reviews performance of the Group as a whole.

The Board evaluates Group performance by reference to revenue and profit and loss which are measured consistently with these consolidated financial statements. In addition, the Board evaluates EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM on a monthly basis.

Note 3. Revenue

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Revenue		
Agent and private listing fees	238,598	54,491
Products and services	166,447	85,585
Advertising	331,814	113,414
Referral fees	5,727	-
Total Revenue	742,586	253,490

Note 4. Issued Capital

<i>Movements in ordinary share capital</i>	31 December 2016		30 June 2016	
	No. of shares	\$	No. of shares	\$
a) Ordinary Shares				
At the beginning of the reporting period	145,506,427	26,777,938	87,799,174	16,773,963
Add shares issued during the period				
- Capital raising	50,197,542	5,019,754	49,546,482	9,144,056
- Conversion of Class A shares to ordinary shares	-	-	8,160,771	1,632,154
- Conversion of Tranche 1 performance rights shares to ordinary shares	2,110,976	422,195	-	-
- Conversion of Tranche 4 performance rights shares to ordinary shares	1,172,765	234,553	-	-
Transaction costs relating to share issues	-	(364,053)	-	(772,235)
At the end of the reporting period	198,987,710	32,090,387	145,506,427	26,777,938

Note 5. Contingent liabilities and assets

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

Note 6. Events after the reporting period

On 13 January 2017, 795,720 performance rights, previously issued on 17 June 2015, were converted to ordinary shares after the vesting conditions were satisfied.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may be significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Note 7. Dividends

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

Rent.com.au Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dr. Garry Garside
Non-executive Chairman
Perth, 22 February 2017



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RENT.COM.AU LIMITED

We have reviewed the accompanying half-year financial report of Rent.com.au Limited which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rent.com.au Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, 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 Rent.com.au Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

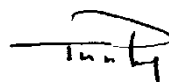
Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 22 February 2017