



PROPERTY
CONNECT

28 February 2017

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

APPENDIX 4D AND HALF-YEAR REPORT FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Please find attached Appendix 4D – Half-Year Report and the Company's Half-Year Financial Report for the period ended 31 December 2016.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and accordingly the financial report should be read in conjunction with the annual financial report for the year ended 30 June 2016.

The financial report for the half-year ended 31 December 2016 incorporates a review of operations during the period.

By Order of the Board

For further information contact:

Loren King
Company Secretary

Property Connect Holdings Limited
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APPENDIX 4D

for the half-year ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	299
Previous Corresponding Period:	-
Percentage Change:	-

Net Loss Attributed to Members:	(1,278,409)
Previous Corresponding Period:	(900,160)
Percentage Change:	42%

Net Comprehensive Loss Attributed to Members:	(1,126,477)
Previous Corresponding Period:	(1,098,129)
Percentage Change:	3%

There is no proposal to pay a dividend.

Net Tangible Assets/Liabilities Per Security:	0.00714
Previous Corresponding Period:	0.01211

AUDIT/REVIEW STATUS

This report is based on the half-year financial report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by ASX Listing Rule 4.2A. The information should be read in conjunction with the 30 June 2016 Annual Financial Report.

The Auditor's Review Report is an unmodified report with an emphasis of matter surrounding going concern, which is outlined in Note 2.3 of this interim report. The uncertainty relates to the Group's net loss after tax of \$1,278,409, as well as the net cash outflows from operating activities of \$790,902. Further, the Group has net assets (excluding borrowings and convertible notes) of \$1,015,290.



PROPERTY
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INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

ACN 091 320 464

WWW.PROPERTYCONNECT.COM

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Michael Langoulant
Mr Timothy Manson
Mr Darren Patterson
Mr Sam Lee

Non-Executive Chairman
Chief Executive Officer
Executive Director
Non-Executive Director

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Perth WA 6000
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ASX Code: PCH

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
AUSTRALIA

DIRECTORS' REPORT

The directors of Property Connect Holdings Limited (**ASX: PCH**) (**Company** or **Property Connect**) and its controlled entities (**Group**), for the half-year ended 31 December 2016 and the auditor's review report thereon. This report has been prepared in accordance with AASB 134 Interim Financial Reporting.

DIRECTORS

The names and particulars of the directors of the Company in office during the year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

The Directors of the Company during the half-year and up to the date of this report are:

Mr Timothy Manson
Mr Sam Lee
Mr Michael Langoulant
Mr Darren Patterson (appointed 8 November 2016)
Mr Peter Friend (resigned 28 October 2016)

OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$1,278,409 (31 December 2015: \$900,160).

REVIEW OF OPERATIONS

FINANCIAL UPDATE

Property Connect reported a net loss from continuing operations for the period of \$1,278,409, an increase of \$378,249 from the prior corresponding period's loss of \$900,160. The result was driven by an increase in expenses directly related to the development of the LiveOffer™ platform, which was taken in-house during the December 2016 quarter.

OPERATIONAL PROGRESS

First clients sign up to LiveOffer™ ahead of commercial launch

Subsequent to half-year end, the Company was pleased to sign its first two Master Service Agreements (the "**Agreements**") with Berger Rental Communities (Berger) and EIMC, bringing over 8,000 apartments to the LiveOffer™ platform. The Agreements are expected to generate the first commercial revenues for LiveOffer™ as each individual property is selected for rental optimisation via the LiveOffer™ platform and a new rental contract is successfully managed and negotiated.

Under the Agreements, apartments will be on-boarded to the LiveOffer™ platform from March, allowing the rental application process to commence. The Company will earn an upfront fee in addition to earning a transaction fee based on a percentage of the rent.

The Agreements are the first conversions of a healthy pipeline of signed Letters of Intent ("**LOI**") to commercial contracts, and the management team remains confident it will convert more of the ~293,000 apartments currently under LOI.

LiveOffer™ launch on track for March 2017

During the period, LiveOffer™ platform development was taken in-house, in conjunction with the formal termination of the contract with Apmaspheric Pty Ltd ("Apmasphere"). Apmasphere was initially engaged to develop and build LiveOffer™, and distribute it via Apmasphere's Halo platform. There were no associated development costs incurred under the agreement and no associated break costs have been incurred in relation to its termination.

With development now in-house, the Company is realising the benefits of complete control over the development timeline and functionality of the platform, and Property Connect remains on track for a commercial go-live in March 2017.

CORPORATE

\$2 Million of Capital Raised via Convertible Note

The Company successfully raised \$2 million by way of a private convertible note, which was issued to new and existing sophisticated investors on 24 October 2016. The note successfully converted into 333,333,333 fully paid ordinary shares at \$0.006 per share on the 6th of January 2017. The issue of shares followed the receipt of all necessary approvals at the Company's Annual General Meeting held on 15 December 2016.

The capital raising was conducted by Wentworth Global Capital Partners; a well-respected and established firm, with over 25 years of corporate advisory and investment banking experience across a diverse range of industries and capital market transactions. Wentworth remains a shareholder and is a key supporter of the Company.

Board Changes

In November 2016, the Board appointed Mr Darren Patterson as a Non-Executive Director. Bringing over 20 years of technology experience working for start-up and blue-chip companies, Darren has been responsible for overseeing the completion of the LiveOffer™ platform development since it was taken in-house late last year.

Mr Michael Langoulant, previously Company Secretary, was appointed Non-Executive Chairman at this time, to replace Mr Peter Friend who stepped down from the role for personal reasons. Mrs Loren King stepped into the role as Company Secretary.

OUTLOOK

The Company remains on-track for a commercial launch of LiveOffer™ in March 2017, which enable the commencement of revenue generation by the Company. Management continues with its efforts to sign more clients up to the platform and has a strong pipeline of ~293,000 apartments currently under LOI.

Management remains focused on the large US multifamily property market and continues to look for expansion opportunities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On Friday, 6 January 2017, the Company announced that it had converted the \$2 million raised by way of convertible note, as announced 24 October 2016, and issued 333,333,333 fully paid ordinary shares in the Company at a \$0.006 per share conversion, in accordance with the terms of the Convertible Note Agreement detailed in the Company's notice of annual general meeting dated 8 November 2016 (**Agreement**).

The conversion followed the receipt of all necessary approvals under the Agreement at the Company's Annual General Meeting of shareholders on 15 December 2016 (**AGM**). 333,333,333 new shares and 12,000,000 unquoted options, exercisable at \$0.02 each on or before 6 January 2020 (**Options**) were issued, including 10,000,000 Shares and 4,000,000 Options to the Company's Executive Director Darren Patterson and 8,000,000 Options to the Company's Chief Executive Officer Tim Manson.

Other than as referred to elsewhere in this consolidated half-year report there are no other matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

ROUNDING OF AMOUNTS TO NEAREST DOLLARS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amount in the Directors' Report and in the Financial Report have been rounded to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 7 of this report.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Michael Langoulant
Chairman

Perth, Western Australia this 28th day of February 2017.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PROPERTY CONNECT HOLDINGS LIMITED
ACN 091 320 464**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Property Connect Holdings Limited and the entities it controlled during the period.



R M SHANLEY
Partner

PITCHER PARTNERS
Sydney

28 February 2017

DIRECTORS' DECLARATION

The Directors of Property Connect Holdings Limited declare that:

1. the financial statements and accompanying notes, as set out on pages 11 to 18 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) 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;
2. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the Directors by:



Michael Langoulant

Chairman

Perth, Western Australia this 28th day of February 2017

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PROPERTY CONNECT HOLDINGS LIMITED
ACN 091 320 464**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Property Connect Holdings Limited ("the Company") and its Controlled Entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's 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 gives a true and fair view and 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 *Corporation Act 2001* including: giving a true and fair view of the consolidated entity'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 Property Connect Holdings Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Property Connect Holdings Limited is not 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 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter – Going concern

Without modifying our opinion, we draw attention to Note 2.3 to the financial statements which indicate that the Group incurred a net loss of \$1,278,409 and had net cash outflows from operating activities of \$790,902 for the half-year ended 31 December 2016. Further the Group had net assets excluding the convertible note liability of \$1,015,290. If the Group does not achieve its cash flow forecasts, it may need to complete a capital raising and /or an asset sale/joint venture agreement to continue to pay its debts as and when they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial statements.



R M SHANLEY
Partner



PITCHER PARTNERS
Sydney

28 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2016

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Continuing operations		
Revenue	299	-
Advertising and marketing expense	(49,350)	(111,393)
Audit and accounting fees	(62,000)	-
Consultant and advisory fees	(241,809)	-
Depreciation and amortisation	(17,866)	(28,356)
Employee benefits expenses	(359,149)	(216,475)
Finance expenses	(2,260)	(7,524)
Insurances	(12,969)	-
IT/computer expenses	(2,763)	(24,244)
Legal Fees	(57,702)	(411,755)
Professional fees	(131,000)	-
Public company costs	(32,118)	-
Research and development costs	(67,198)	-
Rental and occupancy expenses	(71,508)	(26,630)
Travel and entertainment	(161,102)	(73,783)
Other expenses from ordinary activities	(10,568)	-
Loss before income tax expense	(1,278,409)	(900,160)
Income tax (benefit)/expense	-	-
Loss for the year from continuing operations	(1,278,409)	(900,160)
Other comprehensive income/(loss), net of tax		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	151,932	(197,969)
Total other comprehensive income/(loss)	151,932	(197,969)
Total comprehensive loss for the year	(1,126,477)	(1,098,129)
Loss per share		
<i>From continuing operations</i>		
Basic and diluted loss per share (cents per share)	(0.52)	(2.44)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the half-year report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 Dec 2016 \$	30 Jun 2016 \$
Current assets			
Cash and cash equivalents		765,756	276,124
Prepayments		4,456	6,439
Trade and other receivables		677,275	69,507
Total current assets		1,447,486	352,070
Non-current assets			
Property, plant and equipment		4,501	-
Intangible assets		297,165	279,198
Other assets		18,564	18,845
Total non-current assets		320,230	298,043
Total assets		1,767,716	650,113
Current liabilities			
Trade and other payables		752,426	295,067
Borrowings		1,786,721	-
Total current liabilities		2,539,148	295,067
Total liabilities		2,539,148	295,067
Net (liabilities)/assets		(771,431)	355,046
Equity			
Issued capital	3	4,343,620	4,343,620
Reserves	4	(217,357)	(369,289)
Accumulated losses		(4,897,694)	(3,619,285)
Total equity		(771,431)	355,046

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the half-year report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2016

	Issued Capital \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	511,707	(154,214)	-	(1,386,670)	(1,029,177)
Other comprehensive loss	-	(62,802)	-	-	(62,802)
Consolidated loss for the half-year	-	-	-	(900,160)	(900,160)
Total comprehensive income for the half-year	-	(62,802)	-	(900,160)	(962,962)
<i>Transactions with owners in their capacity as owners</i>	-	-	-	-	-
Balance at 31 December 2015	511,707	(217,016)	-	(2,286,830)	(1,992,139)
Balance at 1 July 2016	4,343,620	(379,289)	10,000	(3,619,285)	355,046
Other comprehensive profit	-	151,932	-	299	152,231
Consolidated loss for the half-year	-	-	-	(1,278,708)	(1,278,708)
Total comprehensive income for the half-year	-	151,932	10,000	(1,278,708)	(1,126,477)
<i>Transactions with owners in their capacity as owners</i>	-	-	-	-	-
Balance at 31 December 2016	4,343,620	(227,357)	10,000	(4,897,694)	(771,431)

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the half-year report.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2016

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Cash flows from operating activities		
Receipts from customers	299	-
Payments to suppliers and employees	(788,941)	(338,921)
Finance costs paid	(2,260)	(7,524)
<i>Net cash used in operating activities</i>	(790,902)	(346,444)
Cash flows from investing activities		
Payments for intangible assets	(46,548)	(21,686)
Increase in security deposits	(493)	-
Payments for property, plant and equipment	(4,689)	-
<i>Net cash used in investing activities</i>	(51,729)	(21,686)
Cash flows from financing activities		
(Repayments of)/proceeds from borrowings	1,786,721	441,415
Receipts from convertible note proceeds held in broker accounts	(607,891)	-
<i>Net cash provided by financing activities</i>	1,178,830	441,415
Net decrease in cash and cash equivalents	336,199	73,285
Cash at the beginning of the year	276,124	83
Foreign exchange effects	153,433	70,565
Cash at the end of the period	765,756	143,933

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the half-year report.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2016

1. REPORTING ENTITY

Property Connect Holdings Limited (**Company**) is a company domiciled in Australia. The condensed consolidated interim financial report as at and for the six months ended 31 December 2016 covers the consolidated group of Property Connect Holdings Limited and its controlled entities (together referred to as the "consolidated entities" or "Group").

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34 Interim Financial Reporting. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, this financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Property Connect Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements.

The carrying amount of trade and other receivables and payables approximate their fair values due to their short-term nature.

The consolidated interim financial report was authorised for issue by the Board of Directors on 28 February 2017.

2.2. ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar.

2.3. GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2016 of \$1,278,409 (31 December 2015: \$900,160) and a net cash outflow from operations of \$790,902 (31 December 2015: \$346,444). At 31 December 2016, the Group has net assets (excluding borrowings and convertible notes) of \$1,015,290 (30 June 2016: \$355,046) and net equity of (\$771,431) (30 June 2016: \$355,046).

The Directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to

complete a capital raising and/or an asset sale/joint venture agreement such that it can continue to pay its debts as and when they fall due.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis and, if so, the basis used is disclosed.

3. BORROWINGS

	Half-year ended 31 Dec 2016 \$	Full-year ended 30 Jun 2016 \$
Convertible note	2,000,000	-
Transaction costs	(213,279)	-
	1,786,721	-

On 24 October 2016, the Group announced it had raised \$2,000,000 via a private convertible note with new and existing sophisticated investors. The convertible notes, subject to shareholder and regulatory approval, would convert in to 333,333,333 fully paid ordinary shares in the Company at a price of \$0.006 per share.

The conversion was approved at the Company's Annual General Meeting on 15 December 2016 and the shares issued on 6 January 2017. As at 31 December 2016, the convertible notes are recorded as a current liability which has been settled through the issue of 333,333,333 shares subsequent to half-year end.

4. ISSUED CAPITAL

4.1. FULLY PAID ORDINARY SHARES

	Half-year ended 31 Dec 2016		Full-year ended 30 Jun 2016	
	No.	\$	No.	\$
Balance at beginning of the period	247,693,201	4,343,620	9,919,250	511,707
Foreign exchange effect	-	-	-	4,980
Reverse Acquisition¹				
Series A noteholders conversion	-	-	11,581,890	-
Series B noteholders conversion	-	-	642,312	-
Shares	-	-	97,856,548	-
Back door listing (CQA shareholders) ¹	-	-	740,444,579	560,010
Share consolidation ¹	-	-	(700,443,852)	-
Conversion of convertible notes ¹	-	-	25,692,474	642,312
Capital raising ²	-	-	50,000,000	2,500,000
Promoter shares issued ³	-	-	10,000,000	500,000
Shares issued in lieu of fees ⁴	-	-	2,000,000	28,000
Share issue costs	-	-	-	(403,389)
Balance at end of year	247,693,201	4,343,620	247,693,201	4,343,620

¹ Shares issued, convertible loans converted into shares and other movements in share capital relating to the reverse takeover of Property Connect Holdings Inc in March 2016.

² Ordinary shares issued at \$0.05 per share in accordance with a prospectus lodged with ASIC in December 2015.

³ Ordinary shares issued at \$0.05 per share to various promoters of the reverse takeover process.

⁴ Ordinary shares issued at a deemed value of \$0.014 per share to extinguish a consulting fee liability.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

5. RESERVES

	Half-year ended 31 Dec 2016 \$	Full-year ended 30 Jun 2016 \$
<i>Foreign currency translation reserve</i>		
Opening balance	(379,289)	(154,214)
Currency translation differences	151,932	(225,075)
Closing balance	(227,357)	(379,289)
<i>Share-based payments reserve</i>		
Opening balance	10,000	-
Share based payment expense for the year	-	38,000
Transferred to issued capital	-	(28,000)
Closing balance	10,000	10,000
	(217,357)	(369,289)

5.1. NATURE AND PURPOSE OF RESERVES

5.1.1. Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

5.1.2. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share based payments, be that shares and/or options made to directors and/or consultants. Reserve items are transferred to issued equity upon the issue of ordinary shares in relation to the share based payment.

6. EVENTS AFTER THE REPORTING PERIOD

On Friday, 6 January 2017, the Company announced that it had converted the \$2,000,000 raised by way of convertible note, as announced 24 October 2016, and issued 333,333,333 fully paid ordinary shares in the Company at a \$0.006 per share conversion, in accordance with the terms of the Convertible Note Agreement detailed in the Company's notice of annual general meeting dated 8 November 2016 (**Agreement**).

The conversion followed the receipt of all necessary approvals under the Agreement at the Company's Annual General Meeting of shareholders on 15 December 2016 (**AGM**). 333,333,333 new shares and 12,000,000 unquoted options, exercisable at \$0.02 each on or before 6 January 2020 (**Options**) were issued, including 10,000,000 Shares and 4,000,000 Options to the Company's Executive Director Darren Patterson and 8,000,000 Options to the Company's Chief Executive Officer Tim Manson.

Other than as referred to elsewhere in this consolidated half-year report there are no other matters or circumstances that have arisen since 31 December 2016 that may significantly affect operations, results or state of affairs of the Group in future financial years.

7. SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in development of the Property Connect Application. The financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.