

thred

ABN 36 124 541 466
(Formerly known as Promesa Ltd)



one App for all

APPENDIX 4D

Interim Financial Report

31 December 2016

THRED LIMITED

AND CONTROLLED ENTITIES

ABN 36 124 541 466

(Previously known as Promesa Ltd)

APPENDIX 4D

Interim Financial Report

31 December 2016

Corporate directory

Current Directors

Geoff Marshall	<i>Chairman and Managing Director</i>	Appointed 18/07/2016
David Whitaker	<i>CIO and Director</i>	
Christopher Adams	<i>Executive Director</i>	
Sol Majteles	<i>Non-executive Director</i>	
Graeme Fear	<i>Non-executive Director</i>	Appointed 14/10/2016

Company Secretary

Damon Sweeny

Registered Office

Street: 8/55 Hampden Road
NEDLANDS WA 6009

Postal: PO Box 994
SUBIACO WA 6904

Telephone: +61 (0)8 9389 5885

Facsimile: +61 (0)8 9389 5885

Email: ir@thred.im

Website: thred.im

Share Registry

Advanced Share

Street: 110 Stirling Highway
NEDLANDS WA 6009

Postal: PO Box 1156
NEDLANDS WA 6909

Telephone: +61 (0)8 9389 8033

Facsimile: +61 (0)8 9262 3723

Website: www.advancedshare.com.au

Securities Exchange

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: www.asx.com.au

ASX Code [THD](#)

Solicitors to the Company

Lavan

Level 20, The Quadrant 1 William Street
PERTH WA 6000

Telephone: +61 (0)8 9288 6000

Website: www.lavan.com.au

Auditors

Bentleys

London House

Level 3, 216 St Georges Terrace
Perth WA 6000

Telephone: +61 (0)8 9226 4500

Facsimile: +61 (0)8 9226 4300

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Interim Financial Report
31 December 2016

THRED LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

(Previously known as Promesa Ltd)

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Results for Announcement to the Market

for the half-year Ended 31 December 2016

1 REPORTING PERIOD (item 1)			
■ Report for the period ended:	31 December 2016		
■ Previous corresponding period is half-year ended:	31 December 2015		

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET		Movement	Percentage %	Amount \$
■ Revenues from ordinary activities (item 2.1)		↑	N/A to	6,708
■ Loss from ordinary activities after tax attributable to members (item 2.2)		↑	(346.37) to	2,048,544
■ Loss from after tax attributable to members (item 2.3)		↑	(346.37) to	2,048,544

a. Dividends (items 2.4 and 5)		Amount per Security ¢	Franked amount per security %
■ Interim dividend		nil	n/a
■ Final dividend		nil	n/a
■ Record date for determining entitlements to the dividend (item 2.5)	n/a		

b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

- Revenue represents interest earned (no interest bearing accounts in prior period). Profit is the result of reversing the share based payments expenses booked in the prior period relating to lapsed and/or revalued performance shares.

3 DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
Nil.
a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):
Not applicable

4 RATIOS		Current period	Previous corresponding period
a. Financial Information relating to 4b:		\$	\$
Earnings for the period attributable to owners of the parent		2,048,544	(831,506)
Net assets		362,415	2,890,373
Less: Intangible assets		-	-
Net tangible (liabilities)/assets		362,415	2,890,373
		No.	No.
Fully paid ordinary shares		774,844,281	743,344,281
		¢	¢
b. Net tangible (liability)/assets backing per share (cents) (item 3):		0.047	0.389

Directors' report

Your directors present their report on the consolidated entity, consisting of Thred Limited (**Thred** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2016.

Thred (formerly Promesa Ltd) is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Thredit Limited Pty Ltd (**Thredit Limited**) on 14 June 2016.

Thredit Limited (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Thred (accounting subsidiary). Accordingly, the consolidated financial statements of Thred have been prepared as a continuation of the financial statements of Thredit Limited. Thredit Limited (as the deemed acquirer) has accounted for the acquisition of Thred from 14 June 2016. The comparative information presented in the consolidated financial statements is that of Thredit Limited (see also Note 1a.iii Reverse acquisition).

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

■ Mr Geoff Marshall	Chair and Managing Director (<i>Appointed 18 July 2016</i>)
■ Mr David Whitaker	CIO and Executive Director
■ Mr Christopher Adams	Executive Director
■ Mr Hersh Solomon Majteles	Non-executive Director
■ Mr Graeme Fear	Non-executive Director (<i>Appointed on 14 October 2016</i>)
■ Mr Ananda Kathiravelu	Non-executive Director (<i>Resigned on 18 July 2016</i>)
■ Mr Christopher Jones	Non-executive Director (<i>Resigned on 17 November 2016</i>)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

Thred strived to achieve corporate governance best practice during the period, appointing 2 independent non-executive directors to the board, one as Chair, in effect replacing the 2 executive directors who left the board. The Chair, Mr Geoff Marshall, was encouraged to step into the MD role to allow the rest of the executive team to concentrate on developing the core Thred platform. Thred made that appointment on 5 December, and is actively searching for a new candidate to chair the Company.

The first performance milestone was met on 12 September, with the launch of the Thred App in Minimum Viable Product (MVP) form. The MVP is the launch version of the software that allows the Thred team to collect the maximum amount of validated learning from our invited users with the minimum amount of effort and is the most common form of initial software launch engage within the industry. That has been expanded into a full Beta release test program, as Thred continually develops and updates its software in preparation for the version 1.0 release anticipated in late April.

Thred also strengthened its relationship with Microsoft, integrating with Office 365, and being invited to showcase at Microsoft's premier Asia Pacific conference, with more than 1,000 delegates and potential partners in attendance. The relationship offers key benefits, including financially via offsets to Azure hosting and serving, and otherwise via synergies with and access to key personnel within Microsoft including the Office 365 Team, the Partnership Team and their Cloud Service Systems Integrations Team. Recognition of Thred's place in the industry was evident when founder & CIO David Whitaker chaired the Chief Innovation Officer Summit at Sydney's Sheraton on the Park in September.

On 6 December Thred made a non-renounceable pro rata offer to eligible shareholders ("Rights Issue") of up to 154,968,856 shares at an issue price of \$0.02 per share. The Rights Issue provided existing shareholders with an opportunity participate in the Capital Raising, by allowing shareholders to acquire 1 additional share at 2 cents for every 5 existing shares they held at 9 December 2016. The offer was fully underwritten at \$0.02 per share, raising approximately \$3.1m and was completed subsequent to period end.

Thred announced in December its intention to seek agreement by ASX and shareholder approval at a general meeting to vary the terms of the remaining performance shares to provide significant benefit to shareholders and reflect its strategic direction. The Company is preparing a notice of meeting in that regard.

2.1. Financial Review

a. Operating results

For the half-year ended 31 December 2016 the Group delivered a profit before tax of \$2,048,544 (31 December 2015: \$831,506 loss), representing an apparent increase in profitability. The profit is in most part the result of reversing the share-based payments expenses booked in the prior period relating to lapsed and/or revalued performance shares.

Directors' report

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a.ii Statement of significant accounting policies: Going Concern on page 10.

b. Financial position

The net assets of the Group have decreased from 30 June 2016 by \$2,527,958 to \$362,415 at 31 December 2016 (30 June 2016: \$2,890,373).

As at 31 December 2016, the Group's cash and cash equivalents decreased from 30 June 2016 by \$2,462,258 to \$782,144 (30 June 2016: \$3,244,402) and had working capital of \$352,950 (30 June 2016: \$2,760,311 working capital).

2.2. Events Subsequent to Reporting Date

Subsequent to period end, the Company successfully completed an entitlement offer, fully underwritten at \$0.02 per share, issuing 154,968,856 shares to raise approximately \$3,100,000 before costs. As a result of the completion of the entitlement offer the Company will issue 10,847,820 shares at 2 cents each pursuant to the underwriting agreement and 20,000,000 unlisted options exercisable at \$0.05 each with a 3 year expiry date pursuant to the lead manager mandate.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 18 Events subsequent to reporting date.

2.3. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2016 has been received and can be found on page 5 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).

**GEOFF MARSHALL**

Chairman

Dated this Friday, 24 February 2017

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Thred 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:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 24th day of February 2017

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Interim Financial Report
31 December 2016

THRED LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

(Previously known as Promesa Ltd)

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
<i>Continuing operations</i>			
Revenue	3	6,708	-
Other income	3	(58,033)	-
		(51,325)	-
Compliance costs		(81,543)	-
Development expenses		(1,038,455)	(157,555)
Depreciation and amortisation		-	(445)
Employment costs	4	(553,990)	(106,434)
Finance costs		(10,060)	(92,954)
Foreign exchange gain / (loss)		(18,964)	(145,643)
Information technology costs		(3,902)	(65,851)
Legal expenses		(25,823)	(85,417)
Occupancy costs		(2,977)	(23,377)
Professional fees		(213,025)	(77,551)
Public relations, marketing and advertising		(228,925)	(45,232)
Share-based payments expense	15	4,488,750	-
Travel and accommodation		(97,860)	(27,256)
Other expenses		(113,357)	(3,791)
Profit / (loss) before tax		2,048,544	(831,506)
Income tax benefit / (expense)		-	-
Net profit / (loss) for the half-year		2,048,544	(831,506)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		(39,111)	(26,244)
Other comprehensive income for the half-year, net of tax		(39,111)	(26,244)
Total comprehensive income attributable to members of the parent entity		2,009,433	(857,750)
<i>Profit/(loss) for the period attributable to:</i>			
■ Non-controlling interest		-	-
■ Owners of the parent		2,048,544	(831,506)
<i>Total comprehensive income/(loss) attributable to:</i>			
■ Non-controlling interest		-	-
■ Owners of the parent		2,009,433	(857,750)
<i>Earnings per share:</i>		¢	¢
Basic and loss per share (cents per share)	5	0.27	(0.33)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

THRED LIMITED

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Condensed consolidated statement of financial position

as at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
<i>Current assets</i>			
Cash and cash equivalents	6	782,144	3,244,402
Trade and other receivables	7	130,052	538,145
Financial assets	9	9,900	115,020
Other current assets	8	891	126,810
Total current assets		922,987	4,024,377
<i>Non-current assets</i>			
Plant and equipment	10	8,574	3,252
Total non-current assets		8,574	3,252
Total assets		931,561	4,027,629
<i>Current liabilities</i>			
Trade and other payables	11	564,561	1,117,596
Borrowings	12	4,585	19,660
Total current liabilities		569,146	1,137,256
Total liabilities		569,146	1,137,256
Net assets		362,415	2,890,373
<i>Equity</i>			
Issued capital	13a	25,702,991	24,176,632
Performance shares	13b	-	6,063,750
Reserves	14	1,417,289	1,456,400
Accumulated losses		(26,757,868)	(28,806,412)
Non-controlling interest		3	3
Total equity		362,415	2,890,373

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2016

	Note	Issued Capital \$	Performance Shares \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- controlling Interest (NCI) \$	Total \$
<i>Balance at 1 July 2015</i>		-	-	-	(61,719)	(661,588)	3	(723,304)
Loss for the half-year attributable owners of the parent		-	-	-	-	(831,506)	-	(831,506)
Other comprehensive income for the period attributable owners of the parent		-	-	-	(26,244)	-	-	(26,244)
Total comprehensive income for the half-year attributable owners of the parent		-	-	-	(26,244)	(831,506)	-	(857,750)
<i>Transaction with owners, directly in equity</i>								
Shares issued during the half-year		-	-	-	-	-	-	-
Transaction costs		-	-	-	-	-	-	-
Balance at 31 December 2015		-	-	-	(87,963)	(1,493,094)	3	(1,581,054)
<i>Balance at 1 July 2016</i>		24,176,632	6,063,750	1,496,988	(40,588)	(28,806,412)	3	2,890,373
Loss for the half-year attributable owners of the parent		-	-	-	-	2,048,544	-	2,048,544
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	(39,111)	-	-	(39,111)
Total comprehensive income for the half-year attributable owners of the parent		-	-	-	(39,111)	2,048,544	-	2,009,433
<i>Transaction with owners, directly in equity</i>								
Shares issued during the half-year		-	-	-	-	-	-	-
Performance shares issued / (lapsed) during the half-year	15	-	(4,488,750)	-	-	-	-	(4,488,750)
Performance shares converted during the half-year	15a.i	1,575,000	(1,575,000)	-	-	-	-	-
Transaction costs	13a	(48,641)	-	-	-	-	-	(48,641)
Balance at 31 December 2016		25,702,991	-	1,496,988	(79,699)	(26,757,868)	3	362,415

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

THRED LIMITED

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Condensed consolidated statement of cash flows

for the half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees		(1,837,473)	(868,447)
Payments for research and development		(869,385)	-
Reverse acquisition transaction costs		(264,969)	-
Net cash used in operating activities		(2,971,827)	(868,447)
<i>Cash flows from investing activities</i>			
Net cash inflow/ (outflow) from disposal of subsidiary		465,334	-
Loans provided to third parties		(8,130)	-
Loans provided to directors		(32,995)	-
Proceeds from disposal of investments		38,957	-
Interest received		6,658	-
Purchase of plant and equipment		(5,458)	-
Net cash used in investing activities		464,366	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		66,529	-
Payments for capital raising costs		(6,326)	-
Proceeds from loans from director		-	235,934
Repayment of loans from director		(15,000)	(9,687)
Proceeds from loans from third parties		-	642,200
Net cash provided by financing activities		45,203	868,447
Net decrease in cash held		(2,462,258)	-
Cash and cash equivalents at the beginning of the half-year		3,244,402	-
Cash and cash equivalents at the end of the half-year	6	782,144	-

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

These are the condensed consolidated financial statements and notes of Thred Limited (**Thred or the Company**) and controlled entities (collectively **the Group**). Thred is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 24 February 2017 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Thred Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going Concern

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

The Group generated a profit for the half-year of \$2,048,544 (31 December 2015: \$831,506 loss) and a net operating cash out-flow of \$2,971,827 (31 December 2015: \$868,447 out-flow). The profit includes a one-off contra-expense relating to share-based payments of \$4,646,250 (refer Note 15) which when excluded from the profit results in a revised loss before tax for the year of \$2,597,706.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Subsequent to period end, the Company successfully completed an entitlement offer issuing 154,968,856 shares to raise approximately \$3,100,000 before costs as disclosed in Note 18.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

iii. Reverse acquisition

Thred (formerly Promesa Ltd) is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Thredit Limited (**Thredit**) on 14 June 2016.

Thredit Limited (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Thred (accounting subsidiary). Accordingly, the consolidated financial statements of Thred have been prepared as a continuation of the financial statements of Thredit Limited. Thredit Limited (as the deemed acquirer) has accounted for the acquisition of Thred from 14 June 2016. The comparative information presented in the consolidated financial statements is that of Thredit Limited.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of comprehensive income:
 - ☐ for the half-year to 31 December 2016 comprises six months of Thredit Limited and Thred; and
 - ☐ for the comparative period comprises 1 July 2015 to 31 December 2015 of Thredit Limited.
- The consolidated statement of financial position:
 - ☐ as at 31 December 2016 represents both Thredit Limited and Thred as at that date ;and
 - ☐ as at 30 June 2016 represents Thredit Limited and Thred as at that date.
- The consolidated statement of changes in equity:
 - ☐ the half-year ended 31 December 2016 comprises Thredit Limited's balance at 1 July 2016, its loss for the half-year and transactions with equity holders for six months. It also comprises Thred transactions within equity from for the half-year ended 31 December 2016 and the equity value of Thredit Limited and Thred at 31 December 2016. The number of shares on issue at year end represent those of Thred only.
 - ☐ the comparative period comprises 1 July 2015 to 31 December 2015 of Thredit Limited 's changes in equity.
- The consolidated statement of cash flows:
 - ☐ for the half-year ended 31 December 2016 comprises:
 - o the cash balance of Thredit Limited and Thred as at 1 July 2016;
 - o the cash transactions for the 6 months of Thredit Limited and Thred; and
 - o the cash balances of Thredit Limited and Thred at 31 December 2016.
 - ☐ for the comparative period comprises 1 July 2015 to 31 December 2015 of Thredit Limited's cash transactions.

iv. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1c.

b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2016 but determined that their application to the financial statements is either not relevant or not material.

c. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

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31 December 2016

THRED LIMITED

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

ii. Key judgements and estimates – Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an assessment of the likelihood of the relevant milestones being achieved as detailed in note 15 Share-based payments.

d. Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2016. All applicable new standards and interpretations issued since 1 July 2016 have been adopted. There was no significant impact on the Group.

Note 2 Company details

The registered office of the Company is:

Address:

Street: 8/55 Hampden Road, NEDLANDS WA 6009

Postal: PO Box 994, SUBIACO WA 6904

Telephone: +61 (0)8 9389 5885

Facsimile: +61 (0)8 9389 5885

Note 3 Revenue and other income

a. Revenue

Interest

b. Other Income

Realised (loss) on financial assets

Unrealised (loss) on financial assets

	31 December 2016 \$	31 December 2015 \$
Interest	6,708	-
	6,708	-
Realised (loss) on financial assets	(41,245)	-
Unrealised (loss) on financial assets	(16,788)	-
	(58,033)	-

Note 4 Profit / (loss) before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

a. Employment costs:

- Directors fees
- Increase / (decrease) in employee benefits provisions
- Superannuation expenses / (reimbursement)
- Wages and salaries

	31 December 2016 \$	31 December 2015 \$
Directors fees	23,490	-
Increase / (decrease) in employee benefits provisions	4,498	-
Superannuation expenses / (reimbursement)	9,823	-
Wages and salaries	516,179	106,434
	553,990	106,434

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 5 Earnings per share(EPS)**a. Reconciliation of earnings to profit or loss**

(Loss) / profit for the half-year

Less: loss attributable to non-controlling equity interest

(Loss) / profit used in the calculation of basic and diluted EPS

Note	31 December 2016 \$	31 December 2015 \$
	2,048,544	(831,506)
	-	-
	2,048,544	(831,506)

b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

5e

31 December 2016 No.	31 December 2015 No.
748,822,542	250,000,000

c. Earnings per share

Basic EPS (cents per share)

5d

31 December 2016 ¢	31 December 2015 ¢
0.27	(0.33)

d. As at 31 December 2016 the Group has 100,000,000 unissued shares under options (31 December 2015: nil) and 31,500,000 performance shares on issue (31 December 2015: nil). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year ended 31 December 2016 the Group's unissued shares under option and partly-paid shares were anti-dilutive.

e. As noted in 1a.iii, the equity structure in these consolidated financial statements following the reverse acquisition reflects the equity structure of Thred, being the legal acquirer (the accounting acquiree), including the equity interests issued by Thred to effect the business combination.

i. In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the half-year ended 31 December 2016 the number of ordinary shares outstanding for the half-year ended 31 December 2015 shall be the actual number of ordinary shares of Thred outstanding during that period.

ii. The basic EPS for the half-year ended 31 December 2015 shall be calculated by dividing:

(1) the profit or loss of the Thredit Limited attributable to ordinary shareholders in each of those periods by

(2) the Thredit Limited's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

Note 6 Cash and cash equivalents**a. Current**

Cash at bank

31 December 2016 \$	30 June 2016 \$
782,144	3,244,402
782,144	3,244,402

Note 7 Trade and other receivables**a. Current**

Subsidiary sale proceeds receivable

Less: Provision for non-receivable amounts

Value added tax receivable

Advances to Directors

Other

31 December 2016 \$	30 June 2016 \$
-	474,205
-	(12,500)
99,491	71,440
25,561	-
5,000	5,000
130,052	538,145

APPENDIX 4D

Interim Financial Report
31 December 2016

THRED LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

(Previously known as Promesa Ltd)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 8 Other assets

	31 December 2016 \$	30 June 2016 \$
Current		
Prepayments	891	60,281
Share allotment trust account	-	66,529
	891	126,810

Note 9 Financial assets

		31 December 2016 \$	30 June 2016 \$
a. Current			
Financial assets available for sale	9a.i	2,000	2,000
Less: Impairment		(2,000)	(2,000)
Equity swap at fair value	9a.ii	9,900	115,020
		9,900	115,020

i. The financial instrument held as available for sale have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. Financial assets are classified as level 2.

ii. On 13 November 2014, the Company issued 76,650,000 Shares at \$0.011 to Lanstead Capital L.P. (**Lanstead**). Lanstead, subscribed for 73,000,000 Shares (the Subscription Shares"), for an aggregate consideration of \$803,000 and 3,650,000 shares as a fee. In addition, the Company entered into Equity Swap Agreements with Lanstead which allow the Company to retain the economic interest in the Lanstead Subscription Shares. The consideration of \$803,000 is repaid with an initial \$120,450 followed by 18 expected settlements based on the 5 day VWAP for the 5 days preceding the end valuation date measured against a benchmark price of \$0.073335 per share (Benchmark Price).

Financial instruments classified under the equity swap arrangement are measured at fair value using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. These financial assets are classified as level 1.

Note 10 Property, plant, and equipment

	31 December 2016 \$	30 June 2016 \$
a. Non-current		
Plant and equipment	8,574	3,252
	8,574	3,252

Note 11 Trade and other payables

	31 December 2016 \$	30 June 2016 \$
a. Current		
<i>Unsecured</i>		
Trade payables	359,624	754,420
Accruals	109,798	214,479
Employment related payables	19,081	106,060
Related party payables	76,058	40,910
Other	-	1,727
	564,561	1,117,596

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 12 Borrowings**a. Current**

Loan from Director

Note	31 December 2016 \$	30 June 2016 \$
12b	4,585	19,660
	4,585	19,660

b. The amounts due are unsecured, interest-free and repayable on 1 January 2017.

Note 13 Issued capital

Fully paid ordinary shares at no par value

a. Ordinary shares

At the beginning of the period

Shares issued during the year:

Balance before reverse acquisition■ Elimination of existing legal
acquiree (Thredit Limited) shares■ Shares of legal acquirer (Thred) at
acquisition date

■ Issue of shares to Thredit vendors

■ Issue of Lead Manager shares

■ Issue of Success Fee shares

■ Issue of Prospectus shares

■ Conversion of third party loans

■ Conversion of Performance Shares 15a.i

Transaction costs relating to share
issues

At reporting date

Note	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
	774,844,281	743,344,281	25,702,991	24,176,632
	6 months to 31 December 2016 No.	12 months to 30 June 2016 No.	6 months to 31 December 2016 \$	12 months to 30 June 2016 \$
	743,344,281	1	24,176,632	-
		1	-	-
		(1)	-	-
	-	312,733,663	-	-
	-	250,000,000	-	15,636,683
	-	12,500,000	-	625,000
	-	6,250,000	-	312,500
	-	127,020,235	-	6,351,012
	-	34,840,383	-	1,742,019
	31,500,000	-	1,575,000	-
	-	-	(48,641)	(490,582)
	774,844,281	743,344,281	25,702,991	24,176,632
	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
	31,500,000	147,000,000	-	6,063,750
	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
	100,000,000	100,000,000	1,496,988	1,496,988

b. Performance shares

Performance shares

c. OptionsOptions exercisable at 20 cents
expiring 19 September 2016

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 14 Reserves

	Note	31 December 2016 \$	30 June 2016 \$
Foreign exchange reserve		(79,699)	(40,588)
Option reserve		1,496,988	1,496,988
		1,417,289	1,456,400

Note 15 Share-based payments

	Note	31 December 2016 \$	31 December 2015 \$
Share-based payment expense – vesting of performance shares	15a.i	157,500	-
Share-based payments lapsed and cancelled	15a.ii	(4,646,250)	-
Gross share-based payments		(4,488,750)	-

a. Share-based payment arrangements in effect during the period**i. Share-based payment expense – conversion of performance shares equity**

On 12 September 2016, Milestone 1: *Launch of the Thred mobile phone app within a period of 90 days from 14 June 2016* was satisfied within the requisite period and 31,500,000 performance shares accordingly converted into ordinary shares on 29 November 2016 at an issue price of \$0.05 per share. The Company had previously disclosed a share-based payment expense in respect to this Tranche of \$1,417,500. Accordingly, the difference between the carrying value of \$1,417,500 and the issue price of \$1,575,000 of \$157,500 has been recorded as a share-based payment expense in the period.

ii. In addition to the above, the Thredit Acquisition issued a further 115,500,000 Performance Shares to Key Idea or its nominees and Armada Capital or its nominees respectively to align the performance and ongoing commitment of the related parties.

In respect Milestone 2: *250,000 downloads of Thred App being completed within a period of 90 days from satisfaction of Milestone 1*. Milestone 2 was not satisfied by the deadline and accordingly, those performance shares have lapsed and will be cancelled. The balance carried in respect to this tranche of \$1,575,000 has been accounted for through the profit and loss of the Group as a contra-expense "Share-based payments lapsed and cancelled" of \$1,575,000.

In respect Milestone 3: *The Company updating the Thred App to incorporate an artificial intelligence (AI) engine within 180 days from 14 June 2016*. Milestone 3 was not satisfied by the deadline and accordingly, those performance shares have lapsed and will be cancelled. The balance carried in respect to this tranche of \$1,890,000, has been accounted for through the profit and loss of the Group as a contra-expense "Share-based payments lapsed and cancelled" of \$1,890,000.

In respect to Milestone 4: *1,000,000 downloads of the Thred App within a period of 360 days from 14 June 2016*. Under this Milestone 31,500,000 performance shares would convert upon 1,000,000 downloads of the Thred app being completed within a period of 360 days from the date of completion of the Capital Raising. Thred announced in December its intention to seek to vary the terms of these performance shares. The Board have reassessed the probability of satisfaction of this milestone in its current form, estimating the likelihood to be nil. The balance carried in respect to this tranche of \$1,181,250 has been accounted for through the profit and loss of the Group as a contra-expense "Share-based payments lapsed and cancelled" of \$1,181,250.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 16 Related party transactions

Note	31 December 2016 \$	31 December 2015 \$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
a. Expenses		
■ Key management personnel remuneration	250,129	82,551
■ Orbit Media Group Pty Limited – consulting fees	134,516	-
■ The E201 Group Pty Ltd – professional fees	106,666	
b. Payables		
■ Key management personnel remuneration payable	23,263	-
■ Orbit Media Group Pty Limited – consulting fees payable	94,619	-

Note 17 Commitments

The Group has no material commitments as at 31 December 2016 (30 June 2016: nil)

Note 18 Events subsequent to reporting date

Subsequent to period end, the Company successfully completed an entitlement offer issuing 154,968,856 shares at 2 cents each to raise approximately \$3,100,000 before costs. As a result of the completion of the entitlement offer the Company will issue 10,847,820 shares at 2 cents each pursuant to the underwriting agreement and 20,000,000 unlisted options exercisable at \$0.05 each with a 3 year expiry date pursuant to the lead manager mandate. There are other no material events subsequent to reporting date.

Note 19 Contingent liabilities

There are no contingent liabilities as at 31 December 2016 (30 June 2015: Nil).

Note 20 Operating segments**a. Segment Performance****Half-year to 31 December 2016****Revenue**

- Revenue
- Interest revenue

Total segment revenue**Reconciliation of segment revenue to group revenue**

- Realised (loss) on financial assets
- Unrealised (loss) on financial assets

Total group revenue and other income**Segment net/profit (loss) from continuing operations before tax****Reconciliation of segment loss to group loss**

(i) Amounts not included in segment results but reviewed by Board:

- Share-based payment expense – conversion of performance shares
- Share-based payments lapsed and cancelled
- Depreciation and amortisation
- Foreign exchange gain / (loss)

Profit before income tax

Hong Kong \$	Australia \$	Total \$
-	-	-
-	6,708	6,708
-	6,708	6,708
-	(41,245)	(41,245)
-	(16,788)	(16,788)
		(51,325)
(13,818)	(2,407,424)	(2,421,242)
-	(157,500)	(157,500)
-	4,646,250	4,646,250
-	-	-
-	(18,964)	(18,964)
		2,048,544

APPENDIX 4D

Interim Financial Report
31 December 2016

THRED LIMITED

AND CONTROLLED ENTITIES

ABN 76 149 278 759

(Previously known as Promesa Ltd)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2016

Note 20 Operating segments (cont.)

Half-year to 31 December 2015

There was only one operating and geographical segment in the half-year to 31 December 2015, being software development and Hong Kong.

b. Segment Assets and Liabilities

As at 31 December 2016

Segment Assets

Reconciliation of segment assets to group assets

■ Intra-segment eliminations

Total assets

Segment Liabilities

Reconciliation of segment liabilities to group liabilities

■ Intra-segment eliminations

Total liabilities

Hong Kong	Australia	Total
\$	\$	\$
4,227	4,091,704	4,095,931
		(3,164,370)
		931,561
3,395,909	383,750	3,779,659
		(3,210,513)
		569,146

As at 30 June 2016

Segment Assets

Reconciliation of segment assets to group assets

■ Intra-segment eliminations

Total assets

Segment Liabilities

Reconciliation of segment liabilities to group liabilities

■ Intra-segment eliminations

Total liabilities

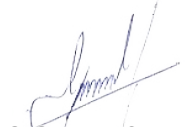
4,120	6,865,958	6,870,078
		(2,842,449)
		4,027,629
3,296,732	682,973	3,979,705
		(2,842,449)
		1,137,256

Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the half-year ended on that date of the Company.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:



GEOFF MARSHALL

Chairman

Dated this Friday, 24 February 2017

Independent Auditor's Review Report

To the Members of Thred Limited

We have reviewed the accompanying half-year financial report of Thred Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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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 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 financial report is not in accordance with the Corporations 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 the Consolidated Entity, 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.

Independent Auditor's Review Report

To the Members of Thred Limited (Continued)



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 Thred Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. 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
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(a)(ii) in the financial report which indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 24th day of February 2017

thred

