Property Connect Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Property Connect Holdings Limited
ABN:	27 091 320 464
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	48712.1%	to	198,177
Loss from ordinary activities after tax attributable to the owners of Property Connect Holdings Limited	down	36.6%	to	(1,604,021)
Loss for the year attributable to the owners of Property Connect Holdings Limited	down	36.6%	to	(1,604,021)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,604,021 (30 June 2017: $2,531,556).

Refer to the "Review of operations" section for details on the current year performances.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	0.12

4. Control gained over entities

During the year, the company incorporated Property Connect Operations Pty Ltd, a wholly owned subsidiary in Australia. The subsidiary has yet to commence trading activity.

5. Loss of control over entities

Name of entities (or group of entities)	Property Connect Inc
Date control lost	15 December 2017

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(331,099)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	(1,062,711)

During the year, the Company made the decision to shut its US operations and focus on executing in Australia. As a result the US subsidiary, Property Connect Inc (PCI) discontinued operations during the year and was dissolved on 15 December 2017.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

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

The financial statements have not yet been audited.

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11. Attachments

Details of attachments (if any):

The Unaudited Financial Report of Property Connect Holdings Limited for the year ended 30 June 2018 is attached.

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12. Signed

Date: 31 August 2018

Michael Carter
Non-Executive Chairman

REVIEW OF OPERATIONS

FINANCIAL UPDATE

Property Connect reported a net loss from continuing operations for the year of $1,604,021, a significant decrease of $927,535 from the prior corresponding period's loss of $2,531,556. The result was driven by a decrease in expenses directly related to the winding up of PCI, the company's US subsidiary, and the in-house development of the Live Offer platform targeting the Australian and other complementary markets.

OPERATIONAL PROGRESS

During the first half of the year, the company made the decision to shut down its US operations and focus on launching the Live Offer platforms in Australia. This allowed the company to develop and conduct advanced testing of its proprietary technology in a cost effective and controlled local market. The sophistication and scale of the Australian property market presents ideal opportunities for advancing new technologies. The Board strongly believes that completion of the Live Offer platforms and generation of initial revenues in the Australian market will provide a strong base for international expansion in the near future.

Product Development

During the past financial year the company completed development of the Live Offer Rental platform and the Live Offer Auction platform. The company has also been customising the platforms to support commercial contracts in place in the Australian and Gulf Cooperation Countries (GCC) markets.

Integrations with data feeds from Domain.com.au and Damac Properties have also commenced. This will enable a feature rich user experience, so as to support decision making by consumers when contemplating their rental and property purchase offers, with real time suburb yield and capital appreciation information. The existing Equifax National Tenancy Database API for credit checking and reference checking was upgraded to produce a PDF summary for managing agents, which provides a snapshot for Landlords and Property Managers to make a decision about the prospective tenant. This builds upon the "renters' dashboard" experience.

The Landlord customer journey was also introduced, to make Live Offer Rental a three sided marketplace, with the Landlord, Property Manager and Tenant. Payment integrations with Stripe for the taking of deposits and the payment of rents were also commenced together with Docusign integration for digital lease and contract signing.

A complete redesign and rebrand of the platforms and corporate website has also been undertaken to support the opportunities and increased focus on Live Offer Auctions and investment property financing.

Business Development

The company has continued to execute its strategy of rolling out a capital light sales model for Live Offer in Australia and complementary international markets.

Direct relationships have been established with independent boutique agencies in Australia and similar conversations have commenced in the GCC, Hong Kong and Singapore. Subsequently, since the financial year end, the company has entered into a number of significant commercial agreements.

The company is continuing its efforts to commercialise Live Offer Rental locally and is working with large franchise agency groups and an independent consultancy to further the sales and onboarding of this product. Internationally, the company is pursuing rollouts in markets where there is strong demand for rental properties and high density living.

Live Offer Auctions sales activities began during the year following completion of the platform build. Locally, the company is in active discussions with Developers and Agency groups to utilize the platform. Following the end of the financial year, the Company announced several international commercial agreements in the GCC.

The company has also been pursuing mortgage and lending arrangements to help facilitate the sell-through of the property inventory that it is seeking to build on the supply side of the platform, so as to complement the demand side.

Marketing efforts have focused around social media campaigns specifically designed to onboard Property Managers independently of the top down franchise approach and to attract investors seeking to purchase property. The company is putting in place a sales conversion call centre to support the digital marketing strategy and thus transition to revenue generation.

It has been a positive year in terms of moving from a pre-revenue business to having a product offering tailored to the company's stated ambition in its target markets which is fit for revenue generation.

CORPORATE

$1.2 Million Capital Raise via placement

The Company successfully raised $1.2m before capital raising costs by way of a private placement, which was issued to new and existing investors on 28 February 2018. The placement utilised shareholder approval received at the Company's AGM in November 2017 and 480 million new shares were issued at $0.0025. The capital raising was conducted by Wentworth Global Capital Partners.

BOARD CHANGES

On the 24 October 2017, Tim Manson resigned as CEO and Board director. Darren Patterson was appointed interim CEO. Mr Patterson brings to Property Connect over 20 years of technology experience working for start-ups and blue-chip technology companies and was most recently the CEO and co-founder of property technology start-up BrickX.

In February 2018, Darren Patterson was appointed as CEO and Charles Tarbey resigned as Chairman to focus on his extensive personal business interests. Experienced company director Michael Carter was appointed as the company's new Chairman, bringing extensive expertise and sector knowledge to assist in the development and growth of the company.

OUTLOOK

The company is now operating with a lean and prudent operating structure. The Board's short term objectives are to begin generating revenue, execute more commercial agreements and continue to develop and deploy the Live Offer technology with new partners in the residential and commercial leasing sectors. The company is also exploring strategical opportunities in the e-conveyancing and mortgage lending sectors.

GOING CONCERN

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, pending the successful completion of a future capital raising and future generation of revenue, such that it can continue to pay its debts as and when they fall due.

Property Connect Holdings Limited

ABN 27 091 320 464

Unaudited Financial Report - 30 June 2018

Property Connect Holdings Limited
Contents
30 June 2018

General information

The financial statements cover Property Connect Holdings Limited as a consolidated entity consisting of Property Connect Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Property Connect Holdings Limited's functional and presentation currency.

Property Connect Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 26, 1 Bligh Street
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Appendix 4E, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018. The directors have the power to amend and reissue the financial statements.

Property Connect Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue from continuing operations	4	198,177	406
Expenses			
Advertising and marketing expenses		(42,539)	(70,510)
Audit and accounting fees		(90,754)	(104,500)
Consultant and advisory fees		(164,333)	(439,864)
Depreciation and amortisation		(144,250)	(55,000)
Director fees		(220,609)	(144,861)
Finance expenses		-	(708)
Insurance		(23,276)	(11,540)
IT / computer expenses		(33,845)	(2,200)
Legal fees		(133,701)	(48,066)
Professional fees		(286,718)	(152,302)
Public company costs		(75,767)	(75,022)
Research and development costs		(78,000)	(337,587)
Rental and occupancy expenses		(26,647)	(8,662)
Travel and entertainment		(60,556)	(15,594)
Other expenses from ordinary activities		(37,334)	(2,835)
Impairment of assets		(52,770)	-
Loss before income tax expense from continuing operations		(1,272,922)	(1,468,845)
Income tax expense	5	-	-
Loss after income tax expense from continuing operations		(1,272,922)	(1,468,845)
Loss after income tax expense from discontinued operations	6	(331,099)	(1,062,711)
Loss after income tax expense for the year attributable to the owners of Property Connect Holdings Limited		(1,604,021)	(2,531,556)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	(2,844)
Other comprehensive income for the year, net of tax		-	(2,844)
Total comprehensive income for the year attributable to the owners of Property Connect Holdings Limited		(1,604,021)	(2,534,400)
Total comprehensive income for the year is attributable to:			
Continuing operations		(1,272,922)	(1,468,845)
Discontinued operations		(331,099)	(1,065,555)
		(1,604,021)	(2,534,400)

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

Property Connect Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	19	(0.14)	(0.20)
Diluted earnings per share	19	(0.14)	(0.20)
Earnings per share for loss from discontinued operations attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	19	(0.04)	(0.15)
Diluted earnings per share	19	(0.04)	(0.15)
Earnings per share for loss attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	19	(0.18)	(0.35)
Diluted earnings per share	19	(0.18)	(0.35)

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

Property Connect Holdings Limited
Statement of financial position
As at 30 June 2018

	Note	Consolidated 2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	7	662,362	883,636
Trade and other receivables	8	30,195	56,230
Prepayments	9	-	45,525
Total current assets		692,557	985,391
Non-current assets			
Property, plant and equipment	10	-	4,508
Intangibles	11	199,250	55,000
Total non-current assets		199,250	59,508
Total assets		891,807	1,044,899
Liabilities			
Current liabilities			
Trade and other payables	12	39,896	89,018
Total current liabilities		39,896	89,018
Non-current liabilities			
Other non-current payables		-	82
Total non-current liabilities		-	82
Total liabilities		39,896	89,100
Net assets		851,911	955,799
Equity			
Issued capital	13	8,592,013	7,478,773
Reserves	14	14,760	(372,133)
Accumulated losses		(7,754,862)	(6,150,841)
Total equity		851,911	955,799

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

Property Connect Holdings Limited
Statement of changes in equity
For the year ended 30 June 2018

Consolidated	**Issued capital $**	**Foreign Currency Translation reserves $**	**Share based payment reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2016	4,343,620	(379,289)	10,000	(3,619,285)	355,046
Loss after income tax expense for the year	-	-	-	(2,531,556)	(2,531,556)
Other comprehensive income for the year, net of tax	-	(2,844)	-	-	(2,844)
Total comprehensive income for the year	-	(2,844)	-	(2,531,556)	(2,534,400)
Shares issued during the year, net of transaction costs	3,135,153	-	-	-	3,135,153
Balance at 30 June 2017	7,478,773	(382,133)	10,000	(6,150,841)	955,799

Consolidated	**Issued capital $**	**Foreign currency translation reserves $**	**Share based payment reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2017	7,478,773	(382,133)	10,000	(6,150,841)	955,799
Loss after income tax expense for the year	-	-	-	(1,604,021)	(1,604,021)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,604,021)	(1,604,021)
Release of reserves	-	382,133	(10,000)	-	372,133
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 13)	1,128,000	-	-	-	1,128,000
Share-based payments (note 20)	(14,760)	-	14,760	-	-
Balance at 30 June 2018	8,592,013	-	14,760	(7,754,862)	851,911

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

Property Connect Holdings Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,047,163)	(2,196,654)
Interest received		476	406
Finance costs		-	(1,204)
R&D grant incentive received		197,701	-
Net cash used in operating activities	18	(848,986)	(2,197,452)
Cash flows from investing activities			
Payments for intangibles	11	(341,270)	(138,000)
Return from liquidation of business		48,395	-
Net cash used in investing activities		(292,875)	(138,000)
Cash flows from financing activities			
Proceeds from issue of shares	13	920,587	1,550,001
Funds from convertible notes		-	2,000,000
Transaction costs		-	(607,037)
Net cash from financing activities		920,587	2,942,964
Net increase/(decrease) in cash and cash equivalents		(221,274)	607,512
Cash and cash equivalents at the beginning of the financial year		883,636	276,124
Cash and cash equivalents at the end of the financial year	7	662,362	883,636

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Group incurred a loss of $1,604,021 (2017: $2,531,556) and had cash outflows for operating activities of 848,986 (2017: $2,197,452) for the financial year ended 30 June 2018. It had a cash balance of $662,362 (2017: $883,636) as at 30 June 2018 and subsequent to balance date, has continued to generate a loss. These conditions indicate a continued material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and therefore, whether it will realise its assets or liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

Notwithstanding this, in the opinion of the Directors, there are reasonable grounds to believe that the Group will be able to pay their debts as and when they fall due, and continue as a going concern for the foreseeable future. The Directors have prepared the financial statements on the basis of going concern as they believe that the Group is able to raise capital or debt based on previous success, such as the recent capital raising in February 2018 raising $1.2 million (before costs).

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the R23, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is for-profit entity for the financial reporting purposes under Australian Accounting Standards.

Property Connect Holdings Ltd (the 'Company') is incorporated and domiciled in Australia.

The Company's registered office is at Level 26, 1 Bligh Street, Sydney. These consolidated financial statements comprise the Company (the parent) and its subsidiary (together referred to as the 'Group').

The consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where the outcome of the contract can be estimated reliably.

Income tax

The income tax expense (income) fort the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Current and deferred tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable the reversal will occur in the foreseeable future.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

Financial instruments
Recognition and Initial Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process when the financial asset is derecognised.

Financial Liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Trade and Other Receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Intangible assets
Development of Property Connect Platform

Website
Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Note 1. Significant accounting policies (continued)

Software and website development
Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Though amortisation charge is included within the depreciation and amortisation expense in the statement of comprehensive income. Patents, trademarks, Software and Website development costs are amortised on a straight-line basis over 2 years.

Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis on the future economic benefits over the useful life of the project.

Trade and other payables
Trade and other payables represent the liabilities for goods and services by the entity that remain unpaid at the end of the reporting period. The balance is recognised as current liability with the amounts normally paid within 30 days of recognition of the liability.

Employee benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at (undiscounted) amounts expected to be paid when the obligations are settled.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Issued capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration. Financial instruments are recognised when the Group becomes are party to the contractual provisions of the instrument.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from bargain purchase.

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of Property Connect Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the tax authority from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers..

Rounding of amounts
The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by ASIC relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Historical cost convention
This financial report has been prepared under the historical cost convention, as modified where applicable by the revaluation of financial assets and liabilities at fair value through profit or loss.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity adopted this standard from 1 July 2018 and its impact is unlikely to be material to the financial statements.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity adopted this standard from 1 July 2018 and its impact is unlikely to be material to the financial statements.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity 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 using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Operating segments

Property Connect Holdings Ltd has one Operating segment and the information presented is on the same basis as the internal reports provided to the Board. The Board is responsible for the allocation of resources to the operating segment and to assess its performance.

Note 4. Revenue

	Consolidated 2018 $	Consolidated 2017 $
From continuing operations		
Interest	476	406
R&D tax incentives	197,701	-
Revenue from continuing operations	198,177	406

Note 5. Income tax expense

The difference between the prima facie tax on loss of the Group and the income tax expense reported in the statement of profit or loss and other comprehensive income is deferred tax balances not recognised as recognition criteria were not met.

	Consolidated 2018 $	Consolidated 2017 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(1,272,922)	(1,468,845)
Loss before income tax expense from discontinued operations	(331,099)	(1,062,711)
	(1,604,021)	(2,531,556)
Tax at the statutory tax rate of 27.5%	(441,106)	(696,178)
Current year tax losses not recognised	441,106	696,178
Income tax expense	-	-

	Consolidated 2018 $	Consolidated 2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	3,411,065	1,807,044
Potential tax benefit @ 27.5%	938,043	496,937

Note 5. Income tax expense (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Deferred tax has not been recognised as the recognition criteria have not been met.

Note 6. Discontinued operations

Description
During the year, the Company made the decision to shut its US operations and focus on executing in Australia. As a result the US subsidiary, Property Connect Inc (PCI) discontinued operations during the year and was dissolved on 15 December 2017.

Financial performance information

	Consolidated	
	2018	**2017**
	$	**$**
Advertising and marketing expenses	-	(3,923)
Audit and accounting fees	-	(7,441)
Employee benefit expenses	-	(500,392)
IT/computer expenses	-	(5,106)
Legal fees	-	(4,670)
Rental and occupancy expenses	-	(129,482)
Travel and entertainment	-	(19,792)
Other expenses from ordinary activities	-	(117,224)
Impairment of assets	-	(274,681)
Total expenses	-	(1,062,711)
Loss before income tax expense	-	(1,062,711)
Income tax expense	-	-
Loss after income tax expense	-	(1,062,711)
Loss on disposal before income tax	(331,099)	-
Income tax expense	-	-
Loss on disposal after income tax expense	(331,099)	-
Loss after income tax expense from discontinued operations	(331,099)	(1,062,711)

Cash flow information

	Consolidated	
	2018	**2017**
	$	**$**
Net cash used in operating activities	-	(983,998)
Net cash used in investing activities	-	(28,000)
Net decrease in cash and cash equivalents from discontinued operations	-	(1,011,998)

Note 6. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 2018 $	2017 $
Cash and cash equivalents	1,602	-
Trade and other receivables	4,797	-
Other assets	4,174	-
Plant and equipment	4,735	-
Intangibles assets	223,536	-
Other non-current assets	17,387	-
Total assets	256,231	-
Trade and other payables	275,245	-
Other equity reserves	(26,375)	-
Total liabilities	248,870	-
Net assets	7,361	-

Details of the disposal

	Consolidated 2018 $	2017 $
Carrying amount of net assets disposed	(7,361)	-
Derecognition of foreign currency reserve	(372,133)	-
Return from liquidation of PCI	48,395	-
Loss on disposal before income tax	(331,099)	-
Loss on disposal after income tax	(331,099)	-

Note 7. Current assets - cash and cash equivalents

	Consolidated 2018 $	2017 $
Cash on hand	662,362	883,636

Note 8. Current assets - trade and other receivables

	Consolidated 2018 $	2017 $
Other receivables	30,195	56,230

Note 9. Current assets - Prepayments

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	-	45,525

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Computer equipment - at cost	-	4,508

Note 11. Non-current assets - intangibles

	Consolidated 2018 $	Consolidated 2017 $
Development of Property Connect Platform - at cost	398,500	110,000
Less: Accumulated amortisation	(199,250)	(55,000)
	199,250	55,000
Website development - at cost	-	31,499
Less: Accumulated amortisation	-	(23,103)
Less: Impairment	-	(8,396)
	-	-
Patents applications - at cost	52,770	37,586
Less: Impairment	(52,770)	(37,586)
	-	-
Software - at cost	-	352,009
Less: Accumulated amortisation	-	(123,310)
Less: Impairment	-	(228,699)
	-	-
	199,250	55,000

Note 11. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Development of PCH Platform $	Website Development $	Patent Applications $	Software $	Total $
Balance at 1 July 2016	-	8,396	37,241	233,561	279,198
Additions	110,000	-	345	15,234	125,579
Impairment of assets	-	(8,396)	(37,586)	(228,699)	(274,681)
Amortisation expense	(55,000)	-	-	(20,096)	(75,096)
Balance at 30 June 2017	55,000	-	-	-	55,000
Additions	288,500	-	52,770	-	341,270
Impairment of assets	-	-	(52,770)	-	(52,770)
Amortisation expense	(144,250)	-	-	-	(144,250)
Balance at 30 June 2018	199,250	-	-	-	199,250

Intangible assets, other than goodwill, have finite useful lives. The current amortisation changes for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Impairment disclosures
The total impairment loss recognised in the statement of profit or loss during the year amounted to $52,770 (2017: $274,681) and is separately presented in the statement as "Impairment of Assets".

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2018 **$**	**2017** **$**
Trade payables	2,396	59,018
Other payables	37,500	30,000
	39,896	89,018

Refer to note 15 for further information on financial instruments.

Due to short term nature of these payables, their carrying amount is assumed to approximate their fair value.

Note 13. Equity - issued capital

		Consolidated		
	2018 Shares	**2017 Shares**	**2018 $**	**2017 $**
Ordinary shares - fully paid	1,201,935,732	721,935,732	8,592,013	7,478,773

Note 13. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2016	247,693,201	4,343,620
Conversion of convertible notes		333,333,333	2,000,000
Capital raising		131,818,289	1,450,000
Shares issued in lieu of fees		9,090,909	100,000
Share issue costs		-	(702,200)
Foreign exchange effect		-	287,353
Balance	30 June 2017	721,935,732	7,478,773
Capital raising		368,234,800	920,587
Shares issued in lieu of fees		111,765,200	279,413
Share issue cost		-	(86,760)
Balance	30 June 2018	1,201,935,732	8,592,013

Ordinary shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Note 14. Equity - reserves

Nature and purpose of reserves
(i) 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.

(ii) Share-based payments reserve
The share-based payments reserve is used to recognise their 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.

Consolidated	Foreign currency translation reserve $	Share based payment reserve $	Total $
Balance at 1 July 2016	10,000	(379,289)	(369,289)
Foreign currency translation	-	(2,844)	(2,844)
Balance at 30 June 2017	10,000	(382,133)	(372,133)
Release of reserves	(10,000)	382,133	372,133
Share based payment	14,760	-	14,760
Balance at 30 June 2018	14,760	-	14,760

Note 15. Financial instruments

The Company and the Group have exposure to the following risks, from their use of financial instruments: credit risk, liquidity risk, currency risk and fair values.

This note presents information about the Company and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing the risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk of management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's financial instruments consists mainly of deposits with banks and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 130: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2018	2017
	$	$
Financial Assets - at amortised cost		
Cash and cash equivalents	662,362	883,636
Trade and other receivables	30,194	56,230
Total Financial Assets	692,556	939,866
Financial Liabilities at amortised cost		
Trade and other payables	39,896	89,018
Non-current Financial Liabilities at amortised cost		
Security Deposit	-	82

Currency risk

Foreign currency risk
The consolidated entity undertakes transactions in foreign currencies. The Group manages foreign exchange exposure by constantly monitoring and analysing exchange rates and currency utilised within its operations. This is not material and will be less material given the strategy to focus on the Australian market, and put the US on hold.

Interest rate risk
The Group manages interest rate risk by constantly monitoring and analysing its interest rate sensitive assets and liabilities.

Sensitivity to interest rates movements are currently not material to the Group given the current low interest environment and the Company's low cash levels.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents. The maximum exposure to credit risk is limited to the Group's cash and cash equivalents balance at 30 June 2018 being $662,362 (2017: $883,636).

Note 15. Financial instruments (continued)

Liquidity risk
Liquidity risk is the risk that the Company or Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The cash is continually monitored matching forecast cash flows with the maturity profile of financial assets and liabilities.

The following table details the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	39,896	-	-	-	39,896
Total non-derivatives		39,896	-	-	-	39,896

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	89,018	-	-	-	89,018
Security Deposit	-	-	82	-	-	82
Total non-derivatives		89,018	82	-	-	89,100

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

The carrying amounts of financial instruments reflect their fair value.

Capital Management
There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 16. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2018 %**	**2017 %**
Property Connect Inc	USA	-	100.00%
Property Connect Operations Pty Ltd	Australia	100.00%	-

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax expense for the year	(1,604,021)	(2,531,556)
Adjustments for:		
Depreciation and amortisation	144,250	55,000
Impairment of intangibles	52,770	274,681
Share-based payments	207,413	302,922
Loss on disposal of subsidiary	331,099	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	68,708	45,525
Decrease in trade and other payables	(49,205)	(344,024)
Net cash used in operating activities	(848,986)	(2,197,452)

Note 19. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Property Connect Holdings Limited	(1,272,922)	(1,468,845)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	883,689,157	721,935,732
Weighted average number of ordinary shares used in calculating diluted earnings per share	883,689,157	721,935,732
	Cents	**Cents**
Basic earnings per share	(0.14)	(0.20)
Diluted earnings per share	(0.14)	(0.20)

	Consolidated 2018 $	Consolidated 2017 $
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Property Connect Holdings Limited	(331,099)	(1,062,711)

Note 19. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	883,689,157	721,935,732
Weighted average number of ordinary shares used in calculating diluted earnings per share	883,689,157	721,935,732

	Cents	Cents
Basic earnings per share	(0.04)	(0.15)
Diluted earnings per share	(0.04)	(0.15)

	Consolidated	
	2018 $	2017 $
Earnings per share for loss		
Loss after income tax attributable to the owners of Property Connect Holdings Limited	(1,604,021)	(2,531,556)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	883,689,157	721,935,732
Weighted average number of ordinary shares used in calculating diluted earnings per share	883,689,157	721,935,732

	Cents	Cents
Basic earnings per share	(0.18)	(0.35)
Diluted earnings per share	(0.18)	(0.35)

Note 20. Share-based payments

On 28 February 2018, the Company issued 18,000,000 options to a broker in relation to the capital raising services performed in the financial year. The options are exercisable at $0.025 per option and expires in 18 February 2020. An external valuation expert has been engaged to fair value the options. Based on the valuation performed, the fair value of each option is 0.082 cents and a share based payment of $14,760 has been recognised in the financial statements.

On 28 February 2018, the Company also issued 111,765,200 ordinary shares to brokers and suppliers as consideration paid for services performed. A fair value of $279,413 has been recognised as share based payment. The fair value is recognised in the accounts as follows:
- $207,413 has been recognised as an expense in the profit or loss; and
- $72,000 has been recognised as share issue costs (offset against the share capital account).

The fair value of the shares was determined using the market price at the date of issue.