Property Connect Holdings Limited

ABN 27 091 320 464

Annual Report - 30 June 2018

Directors	Michael Carter Darren Patterson David Nolan
Company secretary	David Nolan
Notice of annual general meeting	The details of the annual general meeting of Property Connect Holdings Limited are: Level 26, 1 Bligh Street, Sydney, NSW, 2000 Friday 30 November 2018 at 11 am
Registered office	Property Connect Holdings Limited Level 26, 1 Bligh Street Sydney, NSW, 2000
Share register	Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000
Auditor	Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000
Solicitors	Addisons Level 12, 60 Carrington Street Sydney NSW 2000 Australia
Bankers	National Australia Bank 255 George St, Sydney NSW 2000, Australia
Stock exchange listing	Property Connect Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: PCH)
Website	https://propertyconnect.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Property Connect Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Property Connect Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Carter (Appointed 16 February 2018)
Darren Patterson
David Nolan
Charles Tarbey (Resigned 16 February 2018)
Timothy Manson (Resigned 24 October 2017)
Michael Langoulant (Resigned 30 August 2017)

Principal activities

The Group is developing products for use in the Australian and International real estate technology sector. The results of this financial year reflect the continued development and rollout of the Property Connect real estate technology products and the completion of the platform ready for a commercial market launch.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

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

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 International 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 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 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 subsequently 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

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).

Significant changes in the state of affairs
During the first half of the year, the company made the decision to shut down its US operations and as a result has liquidated Property Connect Inc.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
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.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Michael Carter
Title:	Non-Executive Chairman - appointed 16 February 2018
Qualifications:	BEng (Mining) UNSW, Dip Financial Services, MAICD
Experience and expertise:	Michael is an experienced company director and has a career spanning over 30 years in the financial services sector. He brings proven leadership, corporate governance and extensive commercial background in financial services, management consulting, capital markets, corporate marketing and channel partnering. He was formerly the Non-Executive Chairman at Sequoia Financial Group Limited (ASX: SEQ) and is a Director of Qualia Financial Group Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	Sequoia Financial Group Limited (ASX: SEQ)
Special responsibilities:	Chairman
Interests in shares:	12,000,0000
Interests in options:	Nil
Interests in rights:	Nil

Name:	Darren Patterson
Title:	Executive Director and Chief Executive Officer – appointed 9 November 2016
Qualifications:	B.Sc (Comp Sc), MBA Chicago Booth, AICD
Experience and expertise:	Mr Patterson has more than 20 years' experience working with both start-up and blue-chip technology companies spanning Australia, Europe, the US and Asia. He has extensive experience in the fields of networking, systems integration, IT and telecommunications. Mr Patterson's international career has seen him hold senior leadership roles within Yahoo!, ECI Telecom, Energis Communications / Cable and Wireless PLC and Cisco Systems. Mr Patterson has been closely involved with a number of start-up companies (either as founder or investor) that have been successfully acquired by larger organisations such as GoPro and Twitter. Mr Patterson is also the General Partner of a Venture Capital firm – Alchemy Ventures.
Other current directorships:	None
Former directorships (last 3 years):	Blaze International, NetLinkz Limited
Special responsibilities:	General Management
Interests in shares:	65,800,058 ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	David Nolan
Title:	Non-Executive Director and Company Secretary – appointed 10 March 2017
Qualifications:	LL.B (Hon), BA Bond University
Experience and expertise:	Mr Nolan's career has spanned 21 years as a commercial lawyer and company director. Mr Nolan has been a partner at a number of leading Sydney law firms advising Australian and international clients on all aspects of corporate law and was previously a senior adviser at the London Stock Exchange. Mr Nolan's legal expertise includes mergers and acquisitions, IPOs and capital raisings, venture capital and private equity, restructurings and takeovers, corporate finance, joint ventures, commercial agreements and regulatory and corporate governance advice. Mr Nolan has advised across a diverse range of industries including retail, property, mining & resources, technology, funds management and financial services. Mr Nolan has valuable relationships in the advisory and regulatory community and brings a depth of transactional and corporate governance expertise.
Other current directorships:	None
Former directorships (last 3 years):	Intra Energy Corporation Ltd, FirstWave Cloud Technology Limited
Special responsibilities:	None
Interests in shares:	59,410,692 ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	Charles Tarbey
Title:	Non-Executive Chairman - resigned 16 February 2018
Experience and expertise:	Mr Tarbey was appointed a director on 27 March 2017. Mr Tarbey's professional career has included executive and director roles at Wentworth Holdings a public Company operating in the Property Management Sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman – resigned 16 February 2018
Interests in shares:	Nil (at time of resignation)
Interests in options:	Nil (at time of resignation)
Interests in rights:	Nil (at time of resignation)

Name:	Timothy Manson
Title:	Non-Executive Director - resigned 24 October 2017
Qualifications:	B.Bus Admin
Experience and expertise:	Mr Manson was appointed a director on 15 March 2016. He is the founder of Property Connect. Prior to this he was Managing Director of The Manson Group for 8 years, a Sydney based Real Estate Development Company. His early career in real estate was based on projects including land and house developments, large commercial refurbishments, and retail construction of a major equipment hire company and the development of several industrial business parks. In 2004 he co-founded The Manson Group as a new vehicle to develop properties and was appointed Managing Director ('MD'). The initial projects included a commercial property in Melbourne, developing 750 self-storage units and 45 high-end terrace houses in Sydney. As MD he started 2 new divisions in 2006, Sales, Leasing & Property Management to internally run the group's increasing portfolio of properties consisting of industrial factories, commercial buildings and residential apartments and houses, and also a Design and Construction division-servicing medium to large commercial clients. Throughout 2010-2012 the Manson Group grew to become an organization now undertaking a multi-faceted approach in a diverse range of areas surrounding real estate, successfully planning, designing and building numerous projects in conjunction with managing a wide-ranging asset portfolio.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	63,720,120 ordinary shares (at time of resignation)
Interests in options:	1 ESOP Option for 1,800,000 shares (lapsed)
Interests in rights:	Maximum earn out shares – 42,480,163 (lapsed)

Name:	Michael Langoulant
Title:	Non-Executive Director – resigned 30 August 2017
Qualifications:	CA, B.Com
Experience and expertise:	Mr Langoulant was appointed a director on 22 June 2016. He has been involved with Boards of public companies for over 25 years. He has extensive experience in public company administration, capital raisings, new listings, mergers and acquisitions, as well as cross border transactions.
Other current directorships:	White Cliff Minerals Limited
Former directorships (last 3 years):	Nyota Minerals Limited and Luiri Gold Limited
Special responsibilities:	Company Secretary – resigned 30 August 2017
Interests in shares:	800,000 ordinary shares (at time of resignation)
Interests in options:	Nil (at time of resignation)
Interests in rights:	Nil (at time of resignation)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
David Nolan - refer to 'Information on Directors' for further details.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Michael Carter (appointed 16 February 2018)	6	6
Darren Patterson	15	15
David Nolan	15	15
Charles Tarbey (resigned 16 February 2018)	9	9
Timothy Manson (resigned 24 October 2017)	1	5
Michael Langoulant (resigned 30 August 2017)	2	3

Held: represents the number of meetings held during the time the director held office.

All other matters requiring formal Board approval were dealt with by way of written circular resolutions. In addition, the Directors met on an informal basis at regular intervals during the financial period to discuss the Group's affairs.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive remuneration framework is to ensure remuneration for performance is competitive and appropriate for the results delivered. The framework is designed to align executive remuneration with achievement of strategic objectives and the creation of value for shareholders. Given the current financial position and performance of the Group, the Board has prioritised the following key criteria contained in the framework:
- market competitiveness
- acceptability to shareholders
- capital management

The Directors have determined that any bonuses payable to directors and key management personnel would be on a discretionary basis. No bonuses were paid during the financial year. At present there is no element of directors and key management personnel remuneration that is performance based.

Non-executive directors remuneration
Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board to ensure they are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

As set out in the company's prospectus dated February 2016, the maximum annual aggregate remuneration for the non-executive directors had been set at $440,000.

Consolidated entity performance and link to remuneration
Currently none of the directors' remuneration are specifically linked to the consolidated entity's performance.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 85.45% of the votes on a poll supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Property Connect Holdings Limited:
- Michael Carter (appointed 16 February 2018)
- Darren Patterson
- David Nolan
- Charles Tarbey (resigned 16 February 2018)
- Timothy Manson (resigned 24 October 2017)
- Michael Langoulant (resigned 30 August 2017)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2018	Cash salary and fees $	Cash bonus $	- Other $	Super-annuation $	Long service leave $	Equity settled $	Termination benefit $	Total $
Non-Executive Directors:								
Michael Carter *	30,738	-	-	-	-	-	-	30,738
David Nolan *	127,250	-	-	-	-	-	-	127,250
Charles Tarbey *	40,000	-	-	-	-	-	-	40,000
Michael Langoulant	6,667	-	-	633	-	-	-	7,300
Executive Directors:								
Darren Patterson *	144,905	-	-	-	-	-	-	144,905
Timothy Manson	-	-	-	-	-	-	-	-
	349,560	-	-	633	-	-	-	350,193

* Each Director provides director services which are provided by an entity and no superannuation is attributable.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2017	Cash salary and fees $	Cash bonus $	Other $	Super annuation $	Long service leave $	Equity-settled $	Termination benefits $	Total $
Non-Executive Directors:								
Darren Patterson *	29,697	-	-	-	-	-	-	29,697
David Nolan *	23,387	-	-	-	-	-	-	23,387
Charles Tarbey *	20,877	-	-	-	-	-	-	20,877
Michael Langoulant	44,777	-	-	4,254	-	-	-	49,031
Peter Friend	25,778	-	-	2,694	-	-	-	28,472
Executive Directors:								
Timothy Manson **	194,565	-	36,445	-	-	-	-	231,010
Sam Lee **	156,750	-	-	-	-	-	-	156,750
	495,831	-	36,445	6,948	-	-	-	539,224

* Each Director provides director services which are provided by an entity and no superannuation is attributable.
** Tim Manson & Sam Lee were paid salaries & benefits by Property Connect Inc (PCI).

As at 30 June 2017, the Directors of Property Connect Holdings Ltd all agreed to hold and accrue payments of directors fees and entitlements from 1 July 2017 until the next capital raise. Following the capital raising in February 2018, these accruals has been paid during the financial year ended 30 June 2018.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2018	2017	2018	2017	2018	2017
Non-Executive Directors:						
Michael Carter	100%	-	-	-	-	-
David Nolan	100%	100%	-	-	-	-
Charles Tarbey	100%	100%	-	-	-	-
Michael Langoulant	100%	100%	-	-	-	-
Peter Friend	-	100%	-	-	-	-
Executive Directors:						
Darren Patterson	100%	100%	-	-	-	-
Timothy Manson	-	100%	-	-	-	-
Sam Lee	-	100%	-	-	-	-

Service agreements
On appointment to the Board, all Non-Executive Directors enter into service agreements with the Group in the form of a letter of appointment. Formal services contracts are subject to be finalised with the Chief Executive Officer and Executive Director.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Michael Carter *	-	-	12,000,000	-	12,000,000
Darren Patterson	10,000,000	-	51,800,058	-	61,800,058
David Nolan	33,333,333	-	14,077,359	-	47,410,692
Charles Tarbey **	-	-	-	-	-
Timothy Manson ** / ***	63,720,170	-	-	(63,720,170)	-
Michael Langoulant **	800,000	-	-	(800,000)	-
	107,853,503	-	77,877,417	(64,520,170)	121,210,750

* Balance at beginning represents shareholdings at commencement of directorship
** Other represents balance up to date of resignation
*** Mr Manson also held on the date of resignation, in accordance with the terms of the acquisition of Property Connect Inc, potential grant of a maximum of a further 42,480,163 shares if certain revenue targets are met by 31 December 2017. These targets were not met.

Option holding
Mr Manson held 1 ESOP option (issued 26 February 2016) that, subject to vesting conditions, are convertible into 1,800,000 shares. This ESOP option lapsed during the financial year.

Other transactions with key management personnel and their related parties
Director Darren Patterson, is also a director of Digital Return$ Pty Ltd and Two Up Labs Pty Ltd. Digital Return$ Pty Ltd provided Darren Patterson's director and consultancy/CEO services amounting to $314,478 (2017: $306,000) with an amount payable at year end of $nil (2017: $44,000). Two Up Labs Pty Ltd provided Platform development services amounting to $235,000 (2017: $169,587) with an amount payable at year end of $nil (2017: $16,500).

David Nolan has provided services for both his director and company secretarial services totalling $127,250 (2017: $10,000) through a related entity Whiteoaks Capital Pty Ltd with an amount payable at year end of $nil (2017: $10,000).

Michael Carter has provided services as director / chairman totalling $30,738 (2017: $nil) through a related entity called Qualia Financial Group with an amount payable at year end of $nil (2017: $nil).

Charles Tarbey has provided services as director / chairman totalling $40,000 (2017: $20,876) through a related entity called Tarbey Family Trust with an amount payable at year end of $nil (2017: $20,876).

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Property Connect Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 March 2017	10 March 2020	$0.020	35,000,000
28 February 2018	20 February 2020	$0.025	15,000,000
28 February 2018	20 February 2020	$0.025	3,000,000
			53,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Property Connect Holdings Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Pitcher Partners
There are no officers of the company who are former partners of Pitcher Partners.

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

Auditor
Pitcher Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Carter
Non-Executive Chairman

27 September 2018

Auditor's Independence Declaration
To the Directors of Property Connect Holdings Limited
A.B.N. 27 091 320 464

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Property Connect Holdings Limited during the year.

J S GAVLJAK
Partner

PITCHER PARTNERS
Sydney

27 September 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 Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2018. The directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Company's Corporate Governance Statement can be assessed at http://www.propertyconnect.com/corporate-governance

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	5	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	6	-	-
Loss after income tax expense from continuing operations		(1,272,922)	(1,468,845)
Loss after income tax expense from discontinued operations	7	(331,099)	(1,062,711)
Loss after income tax expense for the year attributable to the owners of Property Connect Holdings Limited	16	(1,604,021)	(2,531,556)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	(2,844)
Other comprehensive loss for the year, net of tax		-	(2,844)
Total comprehensive loss for the year attributable to the owners of Property Connect Holdings Limited		(1,604,021)	(2,534,400)
Total comprehensive loss 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

	Note	Consolidated 2018 $	2017 $
		Cents	Cents
Loss per share for loss from continuing operations attributable to the owners of Property Connect Holdings Limited			
Basic loss per share	27	(0.14)	(0.20)
Diluted loss per share	27	(0.14)	(0.20)
Loss per share for loss from discontinued operations attributable to the owners of Property Connect Holdings Limited			
Basic loss per share	27	(0.04)	(0.15)
Diluted loss per share	27	(0.04)	(0.15)
Loss per share for loss attributable to the owners of Property Connect Holdings Limited			
Basic loss per share	27	(0.18)	(0.35)
Diluted loss per share	27	(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 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	8	662,362	883,636
Trade and other receivables	9	30,195	56,230
Prepayments	10	-	45,525
Total current assets		692,557	985,391
Non-current assets			
Property, plant and equipment	11	-	4,508
Intangibles	12	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	13	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	14	24,189,281	7,478,773
Reserves	15	312,402	(372,133)
Accumulated losses	16	(23,649,772)	(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 loss for the year, net of tax	-	(2,844)	-	-	(2,844)
Total comprehensive loss 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 loss for the year	-	-	-	(1,604,021)	(1,604,021)
Deconsolidation of PCI as accounting parent entity (Note 7)	15,597,268	-	297,642	(15,894,910)	-
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 14)	1,128,000	-	-	-	1,128,000
Share-based payments (note 28)	(14,760)	-	14,760	-	-
Balance at 30 June 2018	24,189,281	-	312,402	(23,649,772)	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 $	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	26	(848,986)	(2,197,452)
Cash flows from investing activities			
Payments for intangibles	12	(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	14	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	8	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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the 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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 (usually 5 years) 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 / IFRS 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 as 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 / IFRS 16 will be higher when compared to lease expenses under AASB / IFRS 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 / IFRS 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 but the impact of its adoption is yet to be assessed by the consolidated entity.

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. 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.

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.

Note 4. 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 5. Revenue

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

Note 6. 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.

Note 6. Income tax expense (continued)

	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

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 7. 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.

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated 2018 $	Consolidated 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 $	Consolidated 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 7. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 2018 $	Consolidated 2017 $
Assets		
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	-
Liabilities		
Trade and other payables	275,245	-
Equity		
Foreign currency reserve	(26,375)	-
Net assets	7,361	-

Details of the disposal

	Consolidated 2018 $	Consolidated 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)	-

In addition to the above, the consolidated financial statements of Property Connect Holdings Limited previously reflect the continuity of PCI as the accounting parent entity as the initial acquisition was accounted for as a reverse acquisition. With PCI being discontinued, the financial statements revert back to Property Connect Holdings Limited as the legal and accounting parent entity. As a result, the consolidated financial statements for 30 June 2018 include adjustments to the equity of Property Connect Holdings Limited to reflect the equity position of Property Connect Holdings Limited being the parent entity. The adjustment to equity is reflected in the Statement of Changes in Equity and the respective notes.

Note 8. Current assets - cash and cash equivalents

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

Note 9. Current assets - trade and other receivables

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

The other receivables mainly relate to GST receivables and security deposits, of which, none are considered to be past due, or impaired

Note 10. Current assets - Prepayments

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	-	45,525

Note 11. Non-current assets - property, plant and equipment

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

Note 12. 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 12. 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 prior period amounted to $52,770 (2017: $274,681) and is separately presented in the statement as "Impairment of Assets".

Note 13. 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 17 for further information on financial instruments.

Due to short term nature of these payables, their carrying amounts are reasonable approximations of their fair values

Note 14. Equity - issued capital

	Consolidated			
	2018 Shares	**2017 Shares**	**2018 $**	**2017 $**
Ordinary shares - fully paid	1,201,935,732	721,935,732	24,189,281	7,478,773

Note 14. 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
Deconsolidation of PCI as accounting parent entity (Note 6)		-	15,597,268
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	24,189,281

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 15. Equity - reserves

	Consolidated 2018 $	Consolidated 2017 $
Foreign currency reserve	-	(382,133)
Share-based payments reserve	312,402	10,000
	312,402	(372,133)

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.

Note 15. Equity - reserves (continued)

Consolidated	Foreign currency translation reserve $	Share based payment reserve $	Total $
Balance at 1 July 2016	(379,289)	10,000	(369,289)
Foreign currency translation	(2,844)	-	(2,844)
Balance at 30 June 2017	(382,133)	10,000	(372,133)
Deconsolidation of PCI as accounting parent (Note 6)	-	297,642	297,642
Release of reserves	382,133	(10,000)	372,133
Share based payment	-	14,760	14,760
Balance at 30 June 2018	-	312,402	312,402

Note 16. Equity - accumulated losses

	Consolidated 2018 $	2017 $
Accumulated losses at the beginning of the financial year	(6,150,841)	(3,619,285)
Loss after income tax expense for the year	(1,604,021)	(2,531,556)
Deconsolidation of PCI as accounting parent (Note 6)	(15,894,910)	-
Accumulated losses at the end of the financial year	(23,649,772)	(6,150,841)

Note 17. 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:

Note 17. Financial instruments (continued)

	Consolidated 2018 $	Consolidated 2017 $
Financial Assets - at amortised cost		
Cash and cash equivalents	662,362	883,636
Trade and other receivables	30,195	56,230
Total Financial Assets	692,557	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 other receivables mainly relates to GST receivable and security deposit which are deemed to be low risk due to nature of these balances. Other than the other receivables, 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).

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

Note 17. Financial instruments (continued)

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 18. Key management personnel disclosures

Directors
The following persons were directors of Property Connect Holdings Limited during the financial year:

Michael Carter (Appointed 16 February 2018)
Darren Patterson
David Nolan
Charles Tarbey (Resigned 16 February 2018)
Timothy Manson (Resigned 24 October 2017)
Michael Langoulant (Resigned 30 August 2017)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018 **$**	**2017** **$**
Short-term employee benefits	349,560	532,276
Post-employment benefits	633	6,948
Termination benefits	-	-
	350,193	539,224

Further information in relation to KMP remuneration can be found in the Remuneration Report.

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the company:

	Consolidated	
	2018	**2017**
	$	**$**
Audit services - Pitcher Partners		
Audit or review of the financial statements	45,000	38,000

Note 20. Contingent liabilities

The consolidated entity does not have any contingent liabilities as at 30 June 2018 (30 June 2017 : Nil).

Note 21. Commitments

	Consolidated	
	2018	**2017**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	54,000	-

Operating lease commitments includes contracted amounts for office rental under non-cancellable operating leases expiring within 9 months.

Note 22. Related party transactions

Parent entity
Property Connect Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with related parties
Director Darren Patterson, is also a director of Digital Return$ Pty Ltd and Two Up Labs Pty Ltd. Digital Return$ Pty Ltd provided Darren Patterson's director and consultancy/CEO services amounting to $$314,478 (2017: $306,000) with an amount payable at year end of $nil (2017: $44,000). Two Up Labs Pty Ltd provided Platform development services amounting to $235,000 (2017: $169,587) with an amount payable at year end of $nil (2017: $16,500).

David Nolan has provided services for both his director and company secretarial services totalling $127,250 (2017: $10,000) through a related entity Whiteoaks Capital Pty Ltd with an amount payable at year end of $nil (2017: $10,000).

Michael Carter has provided services as director / chairman totalling $30,738 (2017: $nil) through a related entity called Qualia Financial Group with an amount payable at year end of $nil (2017: $nil).

Charles Tarbey has provided services as director / chairman totalling $40,000 (2017: $20,876) through a related entity called Tarbey Family Trust with an amount payable at year end of $nil (2017: $20,876).

Note 22. Related party transactions (continued)

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
Loss after income tax	(1,603,347)	(10,872,709)
Total comprehensive loss	(1,603,347)	(10,872,709)

Statement of financial position

	Parent	
	2018	**2017**
	$	**$**
Total current assets	692,557	882,033
Total assets	891,807	927,558
Total current liabilities	39,896	32,789
Total liabilities	39,896	32,871
Equity		
Issued capital	24,189,281	21,859,280
Reserves	312,402	297,642
Accumulated losses	(23,649,772)	(21,262,235)
Total equity	851,911	894,687

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Note 23. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. 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	
	Principal place of business /	2018	2017
Name	**Country of incorporation**	**%**	**%**
Property Connect Inc	USA	-	100.00%
Property Connect Operations Pty Ltd	Australia	100.00%	-

Note 25. 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 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018	**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 27. Earnings per share

	Consolidated	
	2018	**2017**
	$	**$**
Loss 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)

Note 27. 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 loss per share	(0.14)	(0.20)
Diluted loss per share	(0.14)	(0.20)

	Consolidated 2018 $	Consolidated 2017 $
Loss 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)

	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 loss per share	(0.04)	(0.15)
Diluted loss per share	(0.04)	(0.15)

	Consolidated 2018 $	Consolidated 2017 $
Loss 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 loss per share	(0.18)	(0.35)
Diluted loss per share	(0.18)	(0.35)

Note 28. 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. As it was impractical to determine the value of this services directly, an external valuation expert has been engaged to fair value the options granted as the basis to determine the fair value of the services rendered. 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.

Note 28. Share-based payments (continued)

On 28 February 2018, the Company also issued 111,765,200 ordinary shares to brokers and suppliers as consideration paid for services performed. The Company could not identify a fair value for comparable services, and as such, the fair value of these services was determined using the market price of the shares issued. Using the market value, 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).

Set out below are summaries of options granted:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/10/2016	10/03/2020	$0.020	35,000,000	-	-	-	35,000,000
28/02/2018	28/02/2020	$0.025	-	18,000,000	-	-	18,000,000
			35,000,000	18,000,000	-	-	53,000,000
Weighted average exercise price			$0.020	$0.025	$0.000	$0.000	$0.022

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/10/2016	24/10/2019	$0.020	-	47,000,000	-	(12,000,000)	35,000,000
			-	47,000,000	-	(12,000,000)	35,000,000
Weighted average exercise price			$0.000	$0.020	$0.000	$0.020	$0.020

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.42 years (2017: 1 year). Fair value of the options was derived by the Black Scholes method.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value of the options at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/02/2018	18/02/2020	$0.002	$0.025	169.00%	-	2.03%	$0.001

The volatility of the share price was determined by an external valuation expert after taking into account the various ASX announcements, the 12 months volatility, the potential of the Company, the term of the options and the general trend in the shares of companies in similar businesses.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Michael Carter
Non-Executive Chairman

27 September 2018

Independent Auditor's Report
to the Members of Property Connect Holdings Limited
A.B.N. 27 091 320 464

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Property Connect Holdings Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

Opinion

In our opinion:

a) the financial report of Property Connect Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the Company incurred a loss after income tax of $1,604,021 and had cash outflows from operating activities of $848,986 for the year ended 30 June 2018. As stated in Note 1(a), these events or conditions, along with the other matters set forth indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Directors of the Company, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Directors. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Going concern ***Refer to Note 1(p): Going concern***	
The Company incurred a loss after income tax of $1,604,021 and had cash outflows from operating activities of $848,986 for the year ended 30 June 2018. The continuing viability of the Company and its ability to continue as a going concern is dependent upon the Company being successful in securing additional funding and meeting its cash flow forecasts. The Directors have continued to adopt the going concern basis of preparation in preparing the financial report, after having prepared cash flow projections which support the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the date the financial report was approved. The Director's assessment of the Company's going concern ability was an area of focus and we paid particular attention to the key assumptions, estimates and judgements made by the Directors that most significantly impacted these cash flow forecasts.	Our procedures included, amongst others: ▪ Documenting our understanding of management's processes and relevant controls. ▪ Evaluating and challenging the Company's future cash flow forecasts, and the process by which they were prepared. ▪ Performing our own sensitivity analysis over the key assumptions, estimates and judgements contained within the cash flow forecasts. ▪ Obtaining representation from the Company's Corporate Adviser surrounding the ability to raise additional funding for the Company, and challenging the representation, including the conditions required of the Company. ▪ Assessing the adequacy of the Company's disclosures in respect of the going concern assumption.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The Directors of Property Connect Holdings Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Property Connect Holdings Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Property Connect Holdings Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

J S GAVLJAK
Partner

PITCHER PARTNERS
Sydney

27 September 2018

The shareholder information set out below was applicable as at 31 August 2018.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holder of unlisted options exercisable at $0.02 expiring on 10/03/2020	Number of holder of unlisted options exercisable at $0.025 expiring on 28/02/2020	Number of holder of unlisted options exercisable at $0.025 exercisable 12 months after issue and satisfaction of milestone, expiring on 28/02/2020
1 to 1,000	1,011	-	-	-
1,001 to 5,000	117	-	-	-
5,001 to 10,000	22	-	-	-
10,001 to 100,000	120	-	-	-
100,001 and over	545	6	1	1
	1,815	6	1	1
Holding less than a marketable parcel	1,365	-	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR DAVID NOLAN	59,410,692	4.94
MENDOORAN CUSTODIAN PTY LTD (MENDOORAN FAMILY A/C)	55,800,058	4.64
JOJO ENTERPRISES PTY LTD (SFI FAMILY A/C)	44,214,457	3.68
MRS DENISE GAIL FACTOR	31,023,666	2.58
MR JAMES VINCENT CHESTER GUEST + MRS SARAH LOUISE GUEST + MR MATTHEW HARRY CHESTER GUEST (GUEST FAMILY SUPER FUND A/C)	30,000,000	2.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,565,347	2.38
MR JAMES EDWARD GOSLING	23,000,000	1.91
SURF COAST CAPITAL PTY LTD (MINNIE P/F A/C)	20,000,000	1.66
LEHAV PTY LTD	18,650,810	1.55
MR MATTHEW SCOTT ANDERSON	18,500,000	1.54
BFB HOLDINGS PTY LTD (BFB INVESTMENTS A/C)	16,666,667	1.39
CURTINSMITH INVESTMENTS PTY LTD (CURTINSMITH FAMILY A/C)	16,000,000	1.33
MR PAUL RICHARD JOB	16,000,000	1.33
MR JONATHAN ROSENTHAL	12,779,983	1.06
PHOENIX-IG PTY LTD (ZAW SUPERFUND A/C)	12,000,000	1.00
QUALIA FINANCIAL GROUP PTY LTD	12,000,000	1.00
AMANDA WARD	12,000,000	1.00
MRS LILIA SANTOS (SANTOS FAMILY A/C)	11,759,510	0.98
QOC FOUNDERS NOMINEES PTY LIMITED	11,666,667	0.97
SHARLEY INVESTMENTS PTY LTD (SHARLEY SUPER FUND A/C)	11,587,134	0.96
	461,624,991	38.40

Unquoted equity securities

	Number on issue	Number of holders
UNLISTED OPTIONS EXPIRING 10/03/2020 @ $0.02	35,000,000	6
UNLISTED OPTIONS EXPIRING 28/02/2020 @ $0.025	15,000,000	1
UNLISTED OPTIONS EXPIRING 28/02/2020 @ $0.025, EXERCISABLE 12 MONTHS AFTER ISSUE AND SATISFACTION OF MILESTONE	3,000,000	1

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
QOC FOUNDERS NOMINEES PTY LIMITED	UNLISTED OPTIONS EXPIRING 10/03/2020 @ $0.02	12,500,000
QOC FOUNDERS NOMINEES PTY LIMITED	UNLISTED OPTIONS EXPIRING 28/02/2020 @ $0.025	15,000,000
QOC FOUNDERS NOMINEES PTY LIMITED	UNLISTED OPTIONS EXPIRING 28/02/2020 @ $0.025, EXERCISABLE 12 MONTHS AFTER ISSUE AND SATISFACTION OF MILESTONE	3,000,000
PISTACHIO PTY LTD (THE SURE THING A/C)	UNLISTED OPTIONS EXPIRING 10/03/2020 @ $0.02	8,715,000

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
DARREN PATTERSON	65,800,058	5.47

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.