Plus Connect Limited & Controlled Entities (formerly Activistic Limited)

ACN 007 701 715

Financial report
For the year ended 30 June 2018

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PLUS CONNECT LIMITED & CONTROLLED ENTITIES (FORMERLY ACTIVISTIC LIMITED)
ACN 007 701 715

DIRECTORS' REPORT

The directors present their report together with the financial report of Plus Connect Limited for the year ended 30 June 2018 and auditor's report thereon.

Directors' names

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

Andrew Bald	Non-Executive Chairman	Appointed 22 August 2018
Sam Almaliki	Executive Director	Appointed 5 February 2018
Paul Crossin	Executive Director	
Peter Wall	Non-Executive Chairman	Resigned 19 April 2018
Michael Hughes	Non-Executive Chairman	Resigned 23 August 2018

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Mr. Ramon Soares was Company Secretary since the start of the year to 9 February 2018.
Ms. Charly Duffy and Ms. Carlie Hodges were appointed as joint Company Secretaries effective from 9 February 2018 to the date of this report.

Information on Directors:

Mr. Sam Almaliki **(appointed 5 February 2018)**
Executive Director

Sam is an experienced and strategically-focused business leader and board director with expertise in leading and advising on strategy, change and growth in sport, corporate, not-for-profit, NGO and government sectors.

Sam is the founder and Managing Director of Active Global. Prior to this, Sam was the Head of Community Engagement and Diversity Council Secretary at Cricket Australia. At Cricket Australia, Sam oversaw a period of significant growth to record levels of participation, sponsorship and engagement, as well as leading substantial organisational change.

In addition to his role as Managing Director of Active Global, Sam also serves as a Non-Executive Director on multiple boards:

- Commissioner on the Victorian Multicultural Commission
- Member of the Australian Broadcasting Corporation (ABC) Advisory Council
- Chair of the Loddon Mallee Regional Advisory Council
- Commissioner for Multicultural NSW (2011-2013)
- Member of the SBS Advisory Committee (2013-2016)

In the 3 years immediately before the end of the financial year, Mr. Almaliki has not held directorships of any other listed entities.

DIRECTORS' REPORT

Directors' names (Continued)

Mr. Paul Crossin – B.Ec
Executive Director

Mr. Crossin is a business economist specialising in strategy development and implementation. Mr. Crossin has been involved in the gambling and lotteries industry for over 20 years, and has applied his gaming knowledge as a specialist consultant assisting companies establish gambling business units, including The Federal Group, TAB Limited and Manaccom Corporation.

In the 3 years immediately before the end of the financial year, Mr. Crossin has not held directorships of any other listed entities.

Mr. Michael Hughes – B.A., M. App. Fin (resigned 23 August 2018)
Non-Executive Chairman

Mr. Hughes has been a Commercial Director at SeaLink Travel Group Limited since September 2014 and is responsible for identifying and securing new business and acquisition opportunities. Mr. Hughes served as Head of Corporate Finance at Ord Minnett from 2010 to May 2014.

Prior to joining Ord Minnett, Mr. Hughes was a Senior Portfolio Manager at a number of AMP funds from 2006 to 2010, an analyst at 452 Capital from 2002 to 2006, and held a number of senior financial roles at Westpac Banking Corporation from 1999 to 2002. He was also company secretary of OzEmail Limited, an internet service provider which was listed on the ASX and Nasdaq.

Mr. Hughes is a highly regarded corporate advisor, with significant experience in both equity capital and debt markets.

In the 3 years immediately before the end of the financial year, Mr. Hughes has not held directorships of any other listed entities.

Mr. Peter Wall – B. Com, LLB, M. App. Fin (resigned 19 April 2018)
Non-Executive Chairman

Mr. Wall is a partner at Steinepreis Paganin, specialising in mergers and acquisitions, corporate reconstruction and recapitalisations of listed entities. Mr. Wall has advised on numerous successful IPOs and back door ASX listings.

Mr. Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr. Wall is the Chairman of MMJ Phytotech Ltd, as well as Non-Executive Chairman of Minbos Resources Ltd, Bronson Group Ltd, MyFiziq Limited, Sky and Space Global, Pursuit Minerals and Transcendence Technologies Limited.

Mr. Wall is a Non-Executive Director of Ookami Limited and Zyber Holdings Ltd. In the 3 years immediately before the end of the financial year, Mr. Wall also held directorships in the following listed entities:

- Zinc of Ireland (Formerly Globe Metals Exploration NL)	Ceased 22 July 2016
- TV2U International Limited (Formerly Galicia Energy)	Ceased 9 February 2016

Directors' names (Continued)

- Brainchip Holdings Limited (Formerly Aziana Limited) Ceased 3 August 2015

Mr. Andrew Bald **(appointed 22 August 2018)**
Non-Executive Chairman

Andrew has over 25 years' experience in banking and corporate finance, including experience with IPO transactions and corporate re-structures.

In addition to his role as Non-Executive Chaiman in Plus Connect Limited, Andrew also serves as a Director in MEC Resources Limited (appointed 24 July 2018).

Mr. Ramon Soares – B.Com, CPA **(resigned 9 February 2018)**
Company Secretary

Mr. Soares graduated from Curtin University in 2011 with a Bachelor of Commerce majoring in accounting and finance. Mr. Soares has held senior finance positions with a number of international ASX listed entities including mining and technology companies.

Ms. Charly Duffy & Ms. Carlie Hodges **(appointed 9 February 2018)**
Joint Company Secretaries

Representing cdPlus Corporate Services, Ms. Duffy and Ms. Hodges are qualified, practicing corporate and commercial lawyers, with comprehensive experience working with ASX-listed and unlisted companies in both legal and company secretarial capacities.

Ms Duffy and Ms Hodges have relevant experience in initial public offers, reverse takeovers and secondary capital raisings and in working with a licensed corporate bookmaker. Ms Duffy is currently company secretary of The Betmakers Holdings Limited, LiveHire Limited. Ms Hodges is currently company secretary of Red Piranha Limited, Murray River Organics Limited, and Murray River Organics Group Limited.

Results

The loss of the group for the year after providing for income tax and eliminating non-controlling interests amounted to $5,189,080 (2017: $8,594,346).

DIRECTORS' REPORT

Review of operations

The group reports the following results for the financial year ended 30 June 2018:

Highlights for the financial year:

- The micro-donations business was closed-down due to the inability to identify a profitable basis for continuing operations or licensing the assets;
- The lottery betting model was re-designed to focus on domestic products not impacted by Australian regulatory changes and offering growth through the UK and India markets;
- A formal 'In-Principle' Application was submitted to the ASX for approval of the re-designed business model culminating in advice that the lottery betting business was unlikely to be accepted for re-compliance;
- Costs associated with the lottery betting business were reduced and the business placed in a holding position to preserve cash while the Company conducted a re-structure;
- A sale of the lottery betting business (contained within Plus Connect Holdings Pty Ltd) was initiated culminating in formal negotiations in June;
- Investigations commenced into potential business acquisitions to support the re-compliance of the Company with an alternative business model.

The way forward

- Present the sale of Plus Connect Holdings to a meeting of Shareholders for consideration and, subject to approval, complete the sale transaction;
- Work with the buyer to re-build and re-establish value in Plus Connect Holdings maximising the ultimate consideration received by Plus Connect Limited Shareholders from the sale;
- Conclude negotiations for a business acquisition suitable for the re-compliance of Plus connect Limited;
- Raise capital to support completion of the sale of Plus Connect Holdings and a Reverse take-over transaction for Plus Connect Limited.

DIRECTORS' REPORT

Significant changes in state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- In July 2017, Plus Connect issued 5 unlisted convertible notes of $100,000 per note. The interest rate is 8% per annum payable quarterly in arrears. Maturity date 29 June 2019. Conversion date is prior to maturity but not within the first 12 months. Conversion price is 30% discount to VWAP for the preceding 20 days on ASX and subject to a floor price of $0.05 per share.
- In September and November 2017, Plus Connect issued 4 unlisted convertible notes of $100,000 per note. The interest rate is 8% per annum payable quarterly in arrears. Maturity date 31 December 2018. Conversion date is prior to maturity. Conversion price is 20% discount to the issue price of Shares issued pursuant to the Capital Raising. Conversion condition is the Company receiving conditional approval for its securities to be reinstated to official quotation on ASX on customary terms in relation to the Re-compliance Transaction and the Company completing the Capital Raising.
- In December 2017, Plus Connect issued 1 unlised convertible note of $250,000 which was subsequently repaid to the noteholder in March 2018.
- In February 2018, Plus Connect raised $2,500,000 through a private placement to various unrelated, professional and sophisticated investors.

Principal activities

The principal activity of the group during the year has been the maintenance of Plus Connect sports and charity lottery betting products.

No significant change in the nature of these activities occurred during the year.

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years are as follows:

- In August 2018 Plus Connect Limited and the Collingwood Football Club have agreed to terminate the joint venture arrangement. That arrangement will be terminated by Collingwood Football Club selling its 49% shareholding in Sports Lottery Australia Pty Ltd to Plus Connect Holdings Pty Ltd for $1.
- On 4 August 2018 the Company and CDC Prosser Pty Ltd ("Prosser") entered into a legally binding Heads of Agreement for the sale by the Company to Prosser of all the issued shares in Plus Connect Holdings Pty Ltd and controlled entities. Prosser is a major shareholder and creditor of the Company.

Likely developments

The likely developments in the operations of the group and the expected results of those operations in subsequent financial years are set out in the Review of Operations section of this report.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Meetings of directors

Directors	Full Board		Remuneration & Nomination Committee		Audit & Risk Management Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sam Almaliki	7	7	-	-	-	-
Paul Crossin	11	11	-	-	-	-
Michael Hughes	11	11	-	-	-	-
Peter Wall	5	5	-	-	-	-
Andrew Bald	-	-	-	-	-	-

Interest in shares, options, peformance rights and performance shares

Shares held by the Directors at the date of the report are as follows:

Directors	Full paid ordinary shares
Sam Almaliki	-
Paul Crossin	56,892,193
Andrew Bald	-

The Directors hold no options, performance rights or performance shares as at the date of this report.

Interest in shares, options, peformance rights and performance shares (Continued)

Shares under option

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

Date options granted	Number of unissued ordinary shares under option	Issue price of shares $	Expiry date of the options
04/12/2015	1,750,000	0.21	31/12/2019
27/04/2018	1,830,000	0.01	26/04/2021
27/04/2018	1,000,000	0.01	26/04/2021
27/04/2018	750,000	0.01	26/04/2021
27/04/2018	750,000	0.01	26/04/2021
27/04/2018	500,000	0.01	26/04/2021

No option holder has any right under the options to participate in any other share issue of the group.

Shares issued on exercise of options

No shares were issued during the year or up to the date of this report on excise of options.

Indemnification of officers

During or since the end of the year, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

Corporate Governance Statement

The Company's 2018 Corporate Governance Statement has been released as a separate document and is located on our website at www.plusconnect.com.au.

Non-Audit Services

During the finanical year ended 30 June 2018, the Company's auditors, HLB Mann Judd did not perform any other services in addition to statutory duties. Refer to Note 5.

Remuneration report (Audited)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Plus Connect Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

DIRECTORS		
Andrew Bald	Non-Executive Chairman	Appointed 22 August 2018
Sam Almaliki	Executive Director	Appointed 5 February 2018
Paul Crossin	Executive Director	
Peter Wall	Non-Executive Chairman	Resigned 19 April 2018
Michael Hughes	Non-Executive Chairman	Resigned 23 August 2018

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel, and
2. Implementing employee incentive and equity-based plans and making awards pursuant to those plans.

Remuneration structure
In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Use of remuneration consultants

The Company has not engaged any remuneration consultants and the Board is satisfied that the recommendations were made free from undue influence from any members of key management personnel.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 30 November 2015 when shareholders approved an aggregate remuneration of $300,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Due to tight financial constraints, every effort has been made to reduce all fees, including director compensation.

Senior manager and executive Director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Plus Connect Limited Performance Rights Plan and Employee Option Scheme, which were approved by shareholders on 30 November 2015.

The Board, acting on remuneration matters, will:

1. Ensure that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Review and improve existing incentive plans established for employees; and
3. Approve the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

Fixed Remuneration
Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

DIRECTORS' REPORT

Variable Remuneration

The objective of the short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. The Board has not yet established these operational targets.

Employment contracts

Mr. Paul Crossin

Mr. Crossin receives annual compensation of $180,000 plus GST as applicable for his Executive Director role in Plus Connect Limited. Mr. Crossin is entitled to 20 days annual leave. Either party may terminate the agreement with 3 months' notice.

Remuneration of Key Management Personnel

Year ended 30 June 2018	Salary & fees $	Super-annuation $	Share based payments $	Total $	Fixed based remuneration %	Performance based remuneration %
Directors						
P. Wall	65,000	-	-	65,000	100%	0%
P. Crossin	195,000	-	-	195,000	100%	0%
M. Hughes	50,000	2,850	-	52,850	100%	0%
S. Almaliki	40,000	3,800	-	43,800	100%	0%
A. Bald	-	-	-	-	-	-
Total 2018	**350,000**	**6,650**	**-**	**356,650**	**100%**	**0%**

Year ended 30 June 2017	Salary & fees $	Super-annuation $	Share based payments $	Total $	Fixed based remuneration %	Performance based remuneration %
Directors						
P. Wall	60,000	-	-	60,000	100%	0%
P. Crossin	79,839	-	-	79,839	100%	0%
M. Hughes	40,000	3,800	13,128	56,928	77%	23%
Total Directors	**179,839**	**3,800**	**13,128**	**196,767**	**93%**	**7%**
Executives						
E. Cross [1]	100,000	-	-	100,000	100%	0%
N. Lee [2]	179,543	-	48,401	227,944	79%	21%
Total Executives	**279,543**	**-**	**48,401**	**327,944**	**85%**	**15%**
Total 2017	**459,382**	**3,800**	**61,529**	**524,711**	**88%**	**12%**

1. Evan Cross resigned on 30 April 2017
2. Nigel Lee resigned on 31 March 2017

Cash bonuses granted as compensation for the current financial year.

No Directors or Executives were granted cash bonuses or other short-term compensation.

Employee Share Option Scheme

During the year, no options were issued to Directors or related parties under the Plus Connect Employee Share Option Scheme.

Terms and conditions of employee share options issued under the Scheme and in existence affecting key management personnel during the financial year or future financial years are detailed below.

Series	Grant date	Fair value at grant date	Value on grant date	Exercise price	Expiry date	Vesting date
ACU002	4/12/2015	$ 0.1000	$85,000	$ 0.21	31/12/2019	4/12/2015
ACU005	7/06/2016	$ 0.0190	$84,325	$ 0.11	1/06/2019	1/06/2017

There have been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

No options granted to Directors or related parties were exercised during the year. Series ESC003 options granted lapsed during the year.

Performance Rights Plan

During the year, no performance rights were issued to Directors or related parties under the Plus Connect Employee Share Option Scheme.

No performance rights granted to Directors were vested and converted into shares during the current financial year.

Loans to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Fully paid ordinary shares

Year ended 30 June 2018	Balance at beginning of Year	Granted as compensation	Performance rights converted to shares	Balance on resignation	Balance at end of year
Directors					
P. Wall [1]	1,523,004	-	-	(1,523,004)	-
P. Crossin	56,892,193	-	-	-	56,892,193
M. Hughes [2]	850,000	-	-	-	850,000
S. Almaliki	-	-	-	-	-
A. Bald	-	-	-	-	-

1. Peter Wall resigned on 19 April 2018
2. Michael Hughes resigned on 23 August 2018

Share options

Year ended 30 June 2018	Balance at beginning of year	Granted as compensation	Options Exercised	Balance on resignation	Balance at end of year	Balance Vested and exercisable at end of year
Directors						
P. Wall [1]	1,750,000	-	-	(1,750,000)	-	-
P. Crossin	-	-	-	-	-	-
M. Hughes [2]	750,000	-	-	-	750,000	750,000
S. Almaliki	-	-	-	-	-	-
A. Bald	-	-	-	-	-	-

1. Peter Wall resigned on 19 April 2018
2. Michael Hughes resigned on 23 August 2018

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

There were no ordinary shares issued on the exercise of options previously granted as remuneration to Directors and Key Management Personnel during the financial year ended 30 June 2018.

Other transactions with key management personnel

During the financial year ended 30 June 2018, the Company incurred fees of $ 42,145 with Steinepreis Paganin. Mr Peter Wall is a partner at Steinepreis Paganin. Fees relate to legal services provided to the company.

END OF REMUNERATION REPORT

DIRECTORS' REPORT

Signed in accordance with a resolution of the board of directors.

Director: ____________________

Paul Crossin

Dated this 28th day of September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Plus Connect Limited (formerly Activistic Limited) for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
28 September 2018	**Partner**

PLUS CONNECT LIMITED & CONTROLLED ENTITIES (FORMERLY ACTIVISTIC LIMITED)
ACN 007 701 715

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Revenue and other income			
Revenue	4	84,709	55,928
Other income	4	11,263	3,464
	4	95,972	59,392
Less: expenses			
Administration and compliance		(1,556,158)	(2,192,493)
Corporate expenses		(283,426)	(748,324)
Marketing and business development		(403,729)	(1,149,180)
Software expenses		(22,239)	(635,697)
Legal and professional fees		(590,214)	(479,511)
Depreciation and amortisation	5	(560,073)	(241,411)
Share based payments		(31,879)	(57,896)
Loss on foreign exchange	5	55,676	(33,222)
Impairment	5	(1,135,733)	(3,257,619)
Finance costs	5	(190,054)	(27,212)
Other expenses from ordinary activities		(567,223)	(119,029)
Loss before income tax expense		(5,189,080)	(8,882,202)
Income tax benefit	6	-	287,856
Net loss from continuing operations		(5,189,080)	(8,594,346)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		53,410	115,990
Other comprehensive income for the year		53,410	115,990
Total comprehensive loss		(5,135,670)	(8,478,356)
Loss is attributable to:			
- Members of Plus Connect Limited		(5,216,479)	(8,537,069)
- Non-controlling interests		27,399	(57,277)
		(5,189,080)	(8,594,346)
Total comprehensive loss is attributable to:			
- Members of Plus Connect Limited		(5,163,069)	(8,421,079)
- Non-controlling interests		27,399	(57,277)
		(5,135,670)	(8,478,356)
Basic and diluted loss per share (cents)		(0.85)	(2.11)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	8	780,636	606,265
Trade and other receivables	9	53,780	95,329
Other current assets	12	176,225	517,907
Total current assets		1,010,641	1,219,501
Non-current assets			
Property, plant and equipment	10	9,279	15,790
Intangible assets	11	-	1,662,500
Total non-current assets		9,279	1,678,290
Total assets		1,019,920	2,897,791
Current liabilities			
Trade and other payables	13	525,022	595,187
Other current liabilities	16	57,662	99,585
Borrowings	14	1,900,000	1,500,000
Provisions	15	5,008	13,999
Total current liabilities		2,487,692	2,208,771
Non-current liabilities			
Borrowings	14	500,000	-
Total non-current liabilities		500,000	-
Total liabilities		2,987,692	2,208,771
Net assets / (liabilities)		(1,967,772)	689,020
Equity			
Issued capital	17	23,170,358	20,723,359
Reserves	18	236,641	1,543,803
Accumulated losses	19	(25,374,771)	(21,550,743)
Equity attributable to owners of the parent		(1,967,772)	716,419
Non-controlling interests	20	-	(27,399)
Total equity / (deficiency)		(1,967,772)	689,020

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital $	Reserves $	Accumulated losses $	Non-controlling interests $	Total equity $
Balance as at 1 July 2016	12,830,449	1,614,915	(13,013,674)	29,878	1,461,568
Loss for the period	-	-	(8,537,069)	(57,277)	(8,594,346)
Other comprehensive income for the period	-	115,990	-	-	115,990
Total comprehensive loss for the year	-	115,990	(8,537,069)	(57,277)	(8,478,356)
Shares issued during the year	3,560,000	-	-	-	3,560,000
Shares issued upon conversion of performance rights	245,000	(245,000)	-	-	-
Transaction costs	(302,090)	-	-	-	(302,090)
Shares issued on business acquisition	4,390,000	-	-	-	4,390,000
Share-based payments	-	255,535	-	-	255,535
Options cancelled	-	(197,637)	-	-	(197,637)
Balance as at 30 June 2017	20,723,359	1,543,803	(21,550,743)	(27,399)	689,020
Balance as at 1 July 2017	20,723,359	1,543,803	(21,550,743)	(27,399)	689,020
Loss for the period	-	-	(5,216,479)	27,399	(5,189,080)
Other comprehensive income for the period	-	53,410	-	-	53,410
Total comprehensive loss for the year	-	53,410	(5,216,479)	27,399	(5,135,670)
Shares issued during the year	2,499,000	-	-	-	2,499,000
Transaction costs	(52,001)	-	-	-	(52,001)
Share-based payments	-	31,879	-	-	31,879
Options cancelled	-	(1,392,451)	1,392,451	-	-
Balance as at 30 June 2018	23,170,358	236,641	(25,374,771)	-	(1,967,772)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Cash flow from operating activities			
Receipts from customers		93,180	66,832
Payments to suppliers and employees		(2,925,079)	(5,310,077)
Government grants and tax incentives		-	389,856
Interest and other items of similar nature received		11,263	10,705
Interest and other cost of finance paid		(189,992)	(10,235)
Net cash used in operating activities	22(b)	(3,010,628)	(4,852,919)
Cash flow from investing activities			
Cash flow from loans to other entities		-	(660,000)
Cash received from acquisition of subsidiary		-	37,657
Net cash used in investing activities		-	(622,343)
Cash flow from financing activities			
Proceeds from share issue		2,446,999	3,560,000
Proceeds from loans	22(c)	1,150,000	1,500,000
Repayment of borrowings	22(c)	(250,000)	(125,000)
Payments for share issue costs		(162,000)	(302,090)
Net cash provided by financing activities		3,184,999	4,632,910
Reconciliation of cash			
Cash at beginning of the financial year		606,265	1,448,617
Net increase / (decrease) in cash held		174,371	(842,352)
Cash at end of financial year	22(a)	780,636	606,265

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Plus Connect Limited ("Plus Connect Limited") as a consolidated entity. Plus Connect Limited is a group limited by shares, incorporated and domiciled in Australia. Plus Connect Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

(a) Basis of preparation of the financial report

Compliance with IFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report complies with International Financial Reporting Standards (IFRS).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value as described in the accounting policies.

On 20 January 2017 Plus Connect Limited (formerly Activistic Limited) completed the acquisition of Plus Connect and its subsidiaries ("Plus Connect").

On 26 March 2018, Activistic Limited changed its name to Plus Connect Limited, and Plus Connect changed its name to Plus Connect Holdings Pty Ltd.

The implications of the acquisition on the financial statements are as follows:

<u>Consolidated statement of profit or loss and other comprehensive income:</u>

The comparative consolidated statement of profit or loss and other comprehensive income comprises the total comprehensive income of Plus Connect Limited (formerly Activistic Limited) and its subsidiaries for the period from 1 July 2016 to 30 June 2017 and for the period from 20 January 2017 to 30 June 2017 for Plus Connect and its subsidiaries.

<u>Consolidated statement of financial position:</u>

The comparative consolidated statement of financial position as at 30 June 2017 represents the combination of Plus Connect Limited (formerly Activistic Limited) and its subsidiaries and Plus Connect and its subsidiaries.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial report (Continued)

Consolidated statements of cash flows:

The comparative consolidated statements of cash flows comprises the cash flows of Plus Connect Limited (formerly Activistic Limited) and its subsidiaries for the period from 1 July 2016 to 30 June 2017, and for the period from 20 January 2017 to 30 June 2017 for Plus Connect and its subsidiaries.

Consolidated statement of changes in equity:

The comparative consolidated statement of changes in equity comprises the changes in equity of Plus Connect Limited (formerly Activistic Limited) and its subsidiaries for the period from 1 July 2016 to 30 June 2017, and for the period from 20 January 2017 to 30 June 2017 of Plus Connect and its subsidiaries.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accouting accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

(b) Going concern

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

Notwithstanding the fact the Group incurred a loss from ordinary activities of $5,189,080 during the year ended 30 June 2018 (2017: $8,594,346), and as at that date the group's total liabilities exceeded total assets by $1,967,772, the Directors are of the opinion that the Group is a going concern for the following reasons:

- Ability to manage and defer costs where applicable;
- Successful history of capital raisings;
- Potential short-term revenue through Plus Connect’s lottery products.

During the year ended 30 June 2018, the Directors have continued a cost reduction programme in order to reduce expenditure on non-critical areas of the business. All expenses lines have been thoroughly reviewed and where possible trimmed or eliminated, including external advisers, full-time employees, Directors, and other service providers.

These measures have resulted in significant savings and will ensure the Company operates in a systematic and cost-effective manner.

To the extent that the above measures are not successfully able to provide sufficient capital for the Company, there is a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity, Plus Connect Limited, and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

Subsidiaries are also those entities over which the Group has the power to govern the operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and potential effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised losses have been eliminated on consolidation unless the transaction provides evidence of the impairment of the asset transferred. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

(d) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the group's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is measured in accordance with the effective interest method and is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Wagering revenue is recognised as the residual value remaining from lottery transactions after deducting the return to customer from their paid wagers.

All revenue is measured net of the amount of goods and services tax (GST).

(f) Government grants

Grants from the government are recognised at fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(g) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30-90 days. Collectability of trade receivables is reviewed on an ongoing basis.

(j) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Office equipment at cost	20%	Diminishing value
Computer equipment at cost	20%	Diminishing value

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (Continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance date.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

(k) Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(m) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group’s cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Intangibles (Continued)

Goodwill (Continued)

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash- generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets acquired separately are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

The licence acquired through the acquisition of Plus Connect Limited is being amortised on a straight line basis over the term of the licence which expires in June 2020. During the current year, the carrying amount of this intangible was fully impaired (refer Note 11).

Intangibles acquired as part of a business combination, other than goodwill, are carried at their fair value at the date of acquisition less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(p) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(q) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(s) Earnings per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Share based payment transactions

Equity settled transactions

The Group provides benefits to employees (including directors and other executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group has an Incentive Option Scheme (IOS), which was approved by shareholders at the annual general meeting held in November 2015.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black- Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Activistic Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payment transactions (Continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Financial instruments

Classification

Financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of 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 (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (Continued)

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable fair value performance evaluation by key management personnel. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group has the positive intention and ability to hold the investments to maturity. Investments intended to be held for an undefined period are not included in this classification.

Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is reclassified from equity to profit or loss as a reclassification adjustment.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2014) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

The adoption of AASB 9 is not expected to have a material impact on the Group's financial statements on initial application.

AASB 15: Revenue from Contracts with Customers (applicable to for profit entities for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

The adoption of AASB 15 is not expected to have a material impact on the Group's financial statements on initial application.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The adoption of AASB 16 is not expected to have a material impact on the Group's financial statements on initial application.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of goodwill

Goodwill is allocated to a cash generating unit or units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations with goodwill impaired at least no an annual basis. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years).

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years). During the current year, the carrying amount of the licence acquired through the acquisition of Plus Connect Limited was fully impaired (refer Note 11).

(c) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

	2018	**2017**
	$	**$**
NOTE 4: REVENUE AND OTHER INCOME		
Revenue	84,709	55,928
Other revenue		
Interest income	9,362	3,464
Other revenue	1,901	-
	11,263	3,464
	95,972	59,392

		2018 $	2017 $
NOTE 5: OPERATING LOSS			
Losses before income tax has been determined after:			
Finance costs		190,054	27,212
Depreciation		5,906	241,411
Amortisation of intangible assets (licence)		554,167	-
Impairment			
- General		27,399	56,737
- Goodwill on acquisition		-	3,200,882
- Intangible assets (licence)	11	1,108,334	-
		1,135,733	3,257,619
Foreign currency translation losses / (gains)		(55,676)	33,222
Remuneration of auditors for:			
Audit and assurance services			
- Audit or review of the financial report		51,000	23,000
- Other services - taxation compliance		-	2,500
		51,000	25,500

NOTE 6: INCOME TAX

(a) Prima facie tax benefit

	2018	2017
The prima facie tax payable on operating loss before income tax is reconciled to the income tax benefit as follows:		
Prima facie income tax benefit on operating loss before income tax at 27.5% (2017: 27.5%)	(1,426,997)	(2,442,605)
Add tax effect of:		
- Effect of non-deductible expenditure when calculating taxable loss	473,491	1,184,345
- Effect of unused tax losses and tax offsets not recognised as deferred tax assets	953,506	1,258,260
	1,426,997	2,442,605
Less tax effect of:		
- R&D incentive scheme	-	287,856
	-	287,856
Income tax benefit attributable to operating loss	-	(287,856)

	2018	2017
	$	$

NOTE 6: INCOME TAX (CONTINUED)

(b) Deferred tax assets not brought to account

Temporary differences	1,856	9,316
Operating tax losses	4,077,187	3,116,220
	4,079,043	3,125,536

NOTE 7: LOSS PER SHARE

	2018	2017
Net Loss for the financial period ($)	(5,189,080)	(8,594,346)
Weighted average number of ordinary shares outstanding during the financial period (#)	611,230,680	407,862,144
Basic and diluted loss per share (cents)	(0.85)	(2.11)

NOTE 8: CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank	505,706	606,265
Cash on deposit	274,930	-
	780,636	606,265

The above balances represent the cash at the end of the financial year as shown in the statement of cash flows reconciled to the related items in the statement of financial position.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTE 9: RECEIVABLES

CURRENT		
Trade debtors	5,631	1,498
Other receivables	48,149	93,831
	53,780	95,329

Other receivables

Other Receivables comprise mainly GST/VAT receivable. There are no receivables that are past due but not impaired.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and equipment		
Office equipment at cost	5,322	2,099
Accumulated depreciation	(4,529)	(632)
	793	1,467
Computer equipment at cost	20,015	21,613
Accumulated depreciation	(11,529)	(7,290)
	8,486	14,323
Total property, plant and equipment	9,279	15,790

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2018 $	2017 $
Office equipment		
Opening carrying amount	1,467	1,451
Additions	3,223	4,405
Depreciation expense	(3,897)	(358)
Impairment losses recognised	-	(4,031)
Closing carrying amount	793	1,467
Computer equipment		
Opening carrying amount	14,323	14,157
Additions	-	10,854
Disposals	(3,828)	-
Depreciation expense	(2,009)	(4,923)
Impairment losses recognised	-	(5,765)
Closing carrying amount	8,486	14,323
Total property, plant and equipment		
Carrying amount at 1 July	15,790	15,608
Additions	3,223	15,259
Disposals	(3,828)	-
Depreciation expense	(5,906)	(5,281)
Impairment losses recognised	-	(9,796)
Carrying amount at 30 June	9,279	15,790

	2018 $	2017 $
NOTE 11: INTANGIBLE ASSETS		
Licence aquired through business combination	1,888,122	1,888,122
Accumulated amortisation and impairment	(1,888,122)	(225,622)
	-	1,662,500

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
Opening balance	1,662,500	-
Additions through business combination	-	1,888,122
Amortisation	(554,167)	(225,622)
Impairment losses (i)	(1,108,333)	-
Closing balance	-	1,662,500

(i) Due to the planned sale after balance date of the subsidiary which holds the licence (refer Note 30), the Directors have resolved to fully impair the carrying amount of this intangible as its recoverability is uncertain.

NOTE 12: OTHER ASSETS

	2018 $	2017 $
CURRENT		
Prepayments	110,401	227,083
Term deposits	-	275,611
Security deposits	65,824	15,213
	176,225	517,907

NOTE 13: PAYABLES

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Trade creditors	444,537	502,112
Sundry creditors and accruals	80,485	93,075
	525,022	595,187

NOTE 14: BORROWINGS

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Convertible notes	1,900,000	1,500,000

	2018 $	2017 $
NOTE 14: BORROWINGS (CONTINUED)		
NON CURRENT		
Unsecured liabilities		
Convertible notes	500,000	-

(a) Convertable note facility

During the year ended 30 June 2017, the Company negotiated a two year $2 million convertible note agreement to finance its working capital requirements. Convertible note facilities were chosen over additional (and potentially dilutive) equity issues to allow the Company to generate value accretive results and revenues over the medium term to enhance shareholder value. Conversion into shares is subject to shareholder approval, a 30% discount to VWAP for the preceding 20 trading days on ASX and a floor price of $0.05 per share.

As at 30 June 2018, the Company has drawn down $2,000,000 from the above facility (June 2017: $1,500,000). Interest of 8.0% per annum accrues daily and is payable quarterly in arrears. There is no material equity portion of these facilities. Amount undrawn is $nil (June 2017: $500,000).

In September and November 2017, Plus Connect issued 4 unlisted convertible notes of $100,000 per note. The interest rate is 8% per annum payable quarterly in arrears. Maturity date is 31 December 2018. Conversion date is prior to maturity. Conversion price is 20% discount to the issue price of shares issued pursuant to the Capital Raising. Conversion condition is the Company receiving conditional approval for its securities to be reinstated to official quotation on ASX on customary terms in relation to the Re-compliance Transaction and the Company completing the Capital Raising. Amount undrawn is $nil.

In December 2017, Plus Connect issued 1 unlisted convertible note of $250,000 which was subsequently repaid to the noteholder in March 2018.

The total amount borrowed in the 2018 finanical year from convertible notes was $1,150,000 (30 June 2017: $1,500,000). Interest of 8.0% per annum accrues daily and is payable quarterly in arrears. There is no material equity portion of these facilities.

Total convertible notes facilities at 30 June 2018 is $2,400,000. These facilities are fully drawn. All convertibles are repayable within 12 months, except for $500,000 which is due for repayment in August 2019.

	Note	2018 $	2017 $
NOTE 15: PROVISIONS			
CURRENT			
Employee benefits	(a)	5,008	13,999
(a) Aggregate employee benefits liability		5,008	13,999

		2018 $	2017 $
NOTE 16: OTHER LIABILITIES			
CURRENT			
Moneys held in trust - customer balances		57,662	99,585
NOTE 17: ISSUED CAPITAL			
Issued and paid-up capital			
- 803,956,995 (2017: 554,056,979) Fully Paid Ordinary Shares	(a)	23,170,358	20,723,359

	2018 Number	2018 $	2017 Number	2017 $
(a) Ordinary shares				
Consolidated				
Opening balance	554,056,979	20,723,359	181,806,963	12,830,449
Shares issued:				
Issue of shares on acquisition	-	-	180,000,016	4,140,000
Issue of shares to Plus Connect creditor	-	-	12,500,000	250,000
Shares issued for cash	-	-	178,000,000	3,560,000
Performance rights converted to shares	16	-	1,750,000	245,000
Private Placement	249,900,000	2,499,000	-	-
	249,900,016	2,499,000	372,250,016	8,195,000
Capital raising costs	-	(52,001)	-	(302,090)
	-	(52,001)	-	(302,090)
At reporting date	803,956,995	23,170,358	554,056,979	20,723,359
Share Options				
Balance at the start of the financial year	43,590,494	1,392,451	49,840,494	1,457,811
Options issued during the year	4,830,000	-	-	-
Options expensed during the year	-	31,879	-	132,275
Options lapsed or cancelled during the year	(41,890,494)	(1,392,451)	(6,250,000)	(197,635)
Balance at the end of the financial year	6,530,000	31,879	43,590,494	1,392,451
Performance Shares				
Balance at the start of the finanical year	49,000,000	-	49,000,000	-
Cancelled during the year	(30,000,000)	-	-	-
Balance at the end of the financial year	19,000,000	-	49,000,000	-

NOTE 17: ISSUED CAPITAL (CONTINUED)

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidation.

At 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.

Share options

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2018		2017	
	Options	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
Outstanding at the beginning of the year	43,590,494	0.11	49,840,494	0.12
Granted during the year	4,830,000	0.01	-	-
Lapsed or cancelled during the year	(41,890,494)	0.11	(6,250,000)	0.16
Outstanding at the end of the year	**6,530,000**	**0.04**	**43,590,494**	**0.11**
Exercisable at the end of the year	**6,530,000**	**0.04**	**43,590,494**	**0.11**

The share options outstanding at the end of the year had a weighted average remaining contractual life of 903 days (2017: 222 days).

The fair value of the equity-settled share options on issue or granted during the year is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

Dividend Yield (%)	-
Expected Volatility (%)	29
Risk-free interest Rate (%)	2.18
Expected life of option (years)	3
Excercise price (cents)	1
Grant date share price (cents)	1.5
Fair value at grant date (cents)	0.66

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 17: ISSUED CAPITAL (CONTINUED)

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares, pay dividends or return capital to shareholders.

The consolidated entity monitors capital with reference to the net debt position, the consolidated entity's current policy is to ensure that cash and cash equivalents exceed debt at all times.

	Note	2018 $	2017 $
NOTE 18: RESERVES			
Foreign currency translation reserve	18(a)	204,762	151,352
Share based payments reserve	18(b)	31,879	1,392,451
		236,641	1,543,803

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

	2018	2017
Movements in reserve		
Opening balance	151,352	35,362
Exchange differences on translation of foreign operations	53,410	115,990
Closing balance	204,762	151,352

(b) Share based payments reserve

The share based payments reserve is used to record the fair value of shares or options issued to employees and third parties.

	2018	2017
Movements in reserve		
Opening balance	1,392,451	1,579,553
Share based payments expensed	31,879	255,535
Share based payments cancelled	(1,392,451)	(197,637)
Shares issued upon conversion of performance rights	-	(245,000)
Closing balance	31,879	1,392,451

	2018 $	2017 $
NOTE 19: ACCUMULATED LOSSES		
Accumulated losses at beginning of year	(21,550,743)	(13,013,674)
Options cancelled against accumulated losses	1,392,451	-
Net loss	(5,216,479)	(8,537,069)
	(25,374,771)	(21,550,743)
NOTE 20: NON-CONTROLLING INTERESTS		
Accumulated Losses	-	(27,399)
	-	(27,399)

The non-controlling interest has a 49% equity holding in Sports Lottery Australia Pty Ltd and Biohealth Pty Ltd.

In August 2018 Plus Connect Limited and the Collingwood Football Club has agreed to terminate the joint venture arrangement. That arrangement will be terminated by Collingwood Football Club selling its 49% shareholding in Sports Lottery Australia Pty Ltd to Plus Connect Holdings Pty Ltd for $1.

NOTE 21: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

(a) Other market risk
(b) Currency risk
(c) Interest rate risk
(d) Credit risk
(e) Liquidity risk
(f) Fair values compared with carrying amounts

The board of directors have overall responsibility for identifying and managing operational and financial risks.

(a) Other market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group does not have a material exposure to market price risk.

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Sensitivity

If foreign exchange rates were to increase/decrease by 10% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	2018	2017
+ / - 10%	$	$
Impact on profit after tax	2,726	153,323
Impact on equity	(2,726)	(153,323)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The group's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2018

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	
	$	$	$		
Financial assets					
Cash	274,930	505,706	780,636	0.08 %	Floating
Receivables	-	53,780	53,780	0.0 %	
Other receivables	-	65,824	65,824	0.0 %	
	274,930	625,310	900,240		

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

2018

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$	**$**	**$**	
Financial liabilities				
Payables	-	525,022	525,022	0.0 %
Borrowings	2,400,000	-	2,400,000	8.0 % Fixed
	2,400,000	525,022	2,925,022	

2017

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$	**$**	**$**	
Financial assets				
Cash	310,058	296,207	606,265	0.0 % Floating
Receivables	-	95,329	95,329	0.0 %
Other receivables	290,824	-	290,824	0.0 % Floating
	600,882	391,536	992,418	

2017

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
	$	**$**	**$**	
Financial liabilities				
Payables	-	595,186	595,186	0.0 %
Borrowings	1,500,000	-	1,500,000	8.0 % Fixed
	1,500,000	595,186	2,095,186	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

	2018	2017
+ / - 100 basis points	$	$
Impact on profit after tax	11,757	2,459
Impact on equity	(11,757)	(2,459)

(d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables

Credit risk for trade receivables is managed by transacting with a large number of customers, undertaking credit checks for all new customers and setting credit limits and completing credit checks for all new customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms

(e) Liquidity risk

Liquidity risk is the risk that the 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, without incurring unnecessary losses or risking damage to the Group's reputation.

The Group's objective is to maintain adequate resources by continuously monitoring forecast and actual cash flows and maturity profiles of assets and liabilities.

(f) Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in consolidated statement of financial position and notes to financial statements.

	2018	2017
	$	$

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

	2018 $	2017 $
Cash at bank	505,706	606,265
At call deposits	274,930	-
	780,636	606,265

(b) Reconciliation of cash flow from operations with loss after income tax

	2018 $	2017 $
Loss from ordinary activities after income tax	(5,189,080)	(8,594,346)
Adjustments and non-cash items		
Depreciation and amortisation	560,073	241,411
Impairment of intangible assets	1,135,733	3,257,619
Net foreign exchange differences	53,399	33,222
Share based payments	31,879	57,896
Borrowing costs reclassified as financing activities	162,000	-
Changes in operating assets and liabilities		
Decrease in receivables	41,549	209,715
Decrease / (Increase) in other assets	299,759	(380,351)
(Decrease) / increase in payables	(97,564)	222,288
(Decrease) / increase in other liabilities	(8,376)	99,627
Cash flows from operating activities	(3,010,628)	(4,852,919)

(c) Reconciliation of liabilities arising from financing activities

	2018 $	2017 $
Balance at the beginning of the year	1,500,000	125,000
Proceeds from loans (current)	650,000	-
Proceeds from loans (non current)	500,000	1,500,000
Repayment of borrowings	(250,000)	(125,000)
Balance at the end of the year	2,400,000	1,500,000

	2018	2017
	$	$

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 $	2017 $
Compensation received by key management personnel of the group		
- salaries and fees	350,000	459,382
- superannuation and annual leave provision	6,650	3,800
- share-based payments	-	61,529
	356,650	524,711

The names of directors who have held office during the year are:

Name	**Appointment / resignation details**
Andrew Bald	Non-Executive Chairman - Appointed 22 August 2018
Sam Almaliki	Executive Director - Appointed 5 February 2018
Paul Crossin	Executive Director
Peter Wall	Non-Executive Chairman - Resigned 19 April 2018
Michael Hughes	Non-Executive Chairman - Resigned 23 August 2018

NOTE 24: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

	2018 $	2017 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	83,709	50,455
- later than one year and not later than five years	185,166	52,473
	268,875	102,928

Operating lease commitments include amounts related to a four-year lease of an office. On each anniversary of the lease commencement date, the rent will be increased by a fixed rate of 4%

The company has no finance lease commitments contracted for as at 30 June 2018 (2017: Nil)

The Company has no capital commitments contracted for as at 30 June 2018 (2017: Nil)

NOTE 25: CONTINGENCIES

There are no contingencies as at 30 June 2018 (2017: Nil).

NOTE 26: BUSINESS COMBINATION

On 20 January 2017, the Company obtained control over Plus Connect and its subsidiaries, and following the compulsory acquisition provisions of the Corporations Act, Plus Connect became a wholly owned subsidiary of the Company.

The total cost of the combination was $4,390,000 and comprised an issue of equity securities. The fair values of the net tangible assets and consideration paid were as follows:

	$
Issue of 171,164,028 shares under the off-market takeover offer	3,936,772
Issue of 8,835,988 shares under compulsory acquisition	203,228
Issue of 12,500,000 shares to Plus Connect creditor	250,000
Total purchase consideration	4,390,000

Assets and liabilities acquired

The net assets recognised in the 30 June 2017 financial report were based on a provisional assessment of their fair value while the Group completed the fair value assessment. The fair values of the identifiable assets and liabilities of Plus Connect Limited and its subsidiaries as at the date of acquisition were:

	$
Assets and liabilities held at acquisition date:	
- Current assets	518,830
- Non-current assets	9,795
- Current liabilties	(1,053,202)
- Non-current liabilities	(250,000)
Net identifiable assets acquired	(774,577)
Add: Identifiable intangible asset acquired (licence)	1,888,122
Add: Other	75,573
Less: Purchase consideration	(4,390,000)
Excess of fair value of consideration paid over indentifiable assets acquired (Goodwill)	(3,200,882)

As at 30 June 2018, the Group has completed the final accounting for the acquisition including the fair value assessment of the net assets acquired. The goodwill acquired on acquisition was fully impaired at 30 June 2018.

There has been no change to the provisional accounting disclosed above.

NOTE 27: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

	Country of incorporation	Ownership interest held by the group	
Subsidiaries of Plus Connect Limited & Controlled Entities (formerly Activistic Limited):		**2018 %**	**2017 %**
Activistic Holdings Pty Ltd	Australia	100	100
Ownership interest are the same as voting rights			
Plus Connect Holdings Pty Ltd	Australia	100	100
Ownership interest are the same as voting rights			
Plus Connect NT	Australia	100	100
Ownership interest are the same as voting rights			
Plus Connect NF	Australia	100	100
Ownership interest are the same as voting rights			
Winners Connect	Australia	100	100
Ownership interest are the same as voting rights			
Sports Lottery Australia	Australia	51	51
Ownership interest are the same as voting rights			
Summarised financial information for Sports Lottery Australia which is not wholly-owned has not been disclosed as this informaiton is not considered material to the Group.			
Activistic Inc. (subsidary of Activistic Holdings Pty Ltd)	USA	100	100
Ownership interest are the same as voting rights			

NOTE 27: INTERESTS IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (Continued)

	Country of incorporation	Ownership interest held by the group	
Subsidiaries of Plus Connect Limited & Controlled Entities (formerly Activistic Limited):		**2018 %**	**2017 %**
Activistic UK Ltd. (subsidary of Activistic Holdings Pty Ltd)	UK	100	100
Ownership interest are the same as voting rights			
Biohealth Pty Ltd	Australia	51	51
Ownership interest are the same as voting rights			

Summarised financial information for Sports Lottery Australia which is not wholly-owned has not been disclosed as this informaiton is not considered material to the Group.

Director related entities

During the financial year ended 30 June 2018, the Company incurred fees of $42,145 (2017: $169,377) with Steinepreis Paganin. Mr Peter Wall is a partner at Steinepreis Paganin. Fees relate to legal services provided to the Company on normal commercial terms.

NOTE 28: PARENT ENTITY DETAILS

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Summarised presentation of the parent entity, Plus Connect Limited, financial statements is as follows:

(a) Summarised consolidated statement of financial position

	2018 $	2017 $
Assets		
Current assets	361,370	502,152
Non-current assets	31,449	1,944,359
Total assets	392,819	2,446,511
Liabilities		
Current liabilities	2,189,955	257,491
Non-current liabilities	500,000	1,500,000
Total liabilities	2,689,955	1,757,491
Net assets	(2,297,136)	689,020
Equity		
Share capital	23,170,358	20,723,359
Retained earnings	(25,707,298)	(21,426,790)
Reserves	239,804	1,392,451
Total equity	(2,297,136)	689,020

(b) Summarised consolidated statement of profit or loss and other comprehensive income

	2018 $	2017 $
Loss for the year	(2,107,957)	(8,478,354)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,107,957)	(8,478,354)

(c) Parent entity guarantees

The parent company has not entered into any guarantees as at 30 June 2018.

(d) Parent entity contingent liabilities

The parent company has no significant contingent liabilities as at 30 June 2018.

(e) Parent entity contractual commitments

The parent company has not entered into any material unrecorded contractual commitments as at 30 June 2018.

NOTE 29: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment as at, and for the years ended, 30 June 2018 and 30 June 2017. All revenue is derived in Australia and all non-current assets are located in Australia.

	Online lotteries	Micro donations	Unallocated	Total
	$	$	$	$
30 June 2018				
Revenue - operations	84,709	-	-	84,709
Interest and other income	6,728	2,411	2,124	11,263
Depreciation & amortisation	(554,169)	(5,904)	-	(560,073)
Share based payments	-	-	(31,879)	(31,879)
Impairment	(1,108,334)	-	(27,399)	(1,135,733)
Finance costs	(748)	(39)	(189,267)	(190,054)
Other expenses	(1,920,851)	(535,822)	(910,640)	(3,367,313)
Income tax benefit	-	-	-	-
	(3,492,665)	(539,354)	(1,157,061)	(5,189,080)
30 June 2018				
Segment assets	603,356	89,601	326,963	1,019,920
Segment liabilities	(248,151)	(43,998)	(2,695,543)	(2,987,692)
	355,205	45,603	(2,368,580)	(1,967,772)
30 June 2017				
Revenue - operations	44,882	1,082	-	45,964
Interest and other income	-	-	13,428	13,428
Depreciation & amortisation	(236,078)	(5,333)	-	(241,411)
Share based payments	-	-	(57,896)	(57,896)
Impairment	(3,257,619)	-	-	(3,257,619)
Finance costs	(8,668)	-	(18,544)	(27,212)
Other expenses	(946,603)	(3,256,213)	(1,154,640)	(5,357,456)
Income tax benefit	-	287,856	-	287,856
	(4,404,086)	(2,972,608)	(1,217,652)	(8,594,346)
30 June 2017				
Segment assets	2,275,580	80,675	541,537	2,897,791
Segment liabilties	(339,111)	(44,846)	(1,824,814)	(2,208,771)
	1,936,469	35,829	(1,283,277)	689,020

NOTE 30: EVENTS SUBSEQUENT TO REPORTING DATE

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years are as follows:

- In August 2018 Plus Connect Limited and the Collingwood Football Club have agreed to terminate the joint venture arrangement. That arrangement will be terminated by Collingwood Football Club selling its 49% shareholding in Sports Lottery Australia Pty Ltd to Plus Connect Holdings Pty Ltd for $1.
- On 4 August 2018 the Company and CDC Prosser Pty Ltd ("Prosser") entered into a legally binding Heads of Agreement for the sale by the Company to Prosser of all the issued shares in Plus Connect Holdings Pty Ltd and controlled entities. Prosser is a major shareholder and creditor of the Company.

NOTE 31: GROUP DETAILS

The registered office of the group is:

C/- COGHLAN DUFFY & CO
RIALTO SOUTH TOWER
Level 42, 525 Collins Street
Melbourne, Victoria, 3000

Telephone: +61 3 9614 2444
Website: www.plusconnect.com.au

Solicitors
COGHLAN DUFFY & CO
RIALTO SOUTH TOWER
Level 42, 525 Collins Street
Melbourne, Victoria, 3000

Share Registry
Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth, WA, 6000
Telephone: 08 9324 2099

Auditors
HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA, 6000

Stock Exchange Listing
Plus Connect Limited shares are listed on the Australian Stock Exchange
ASX Code: PC1

PLUS CONNECT LIMITED & CONTROLLED ENTITIES (FORMERLY ACTIVISTIC LIMITED)
ACN 007 701 715

DIRECTORS' DECLARATION

The directors' of the group declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 16 - 55, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

   (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and

   (c) give a true and fair view of the financial position as at 30 June 2018 and performance for the year ended on that date of the group.

2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ______________________________

Paul Crossin

Dated this 28th day of September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report to the Members of Plus Connect Limited (formerly Activistic Limited)

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Plus Connect Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

b) 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 Group 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 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(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group'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 period. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Key Audit Matter	How our audit addressed the key audit matter
Carrying Value of Licence Note 11 of the financial report	
During the year ended 30 June 2017, the Group acquired 100% of the issued share capital of Plus Connect Limited. The acquisition was provisionally accounted for in accordance with AASB 3 *Business Combinations* in that year and this accounting was finalised in the current year. As part of the acquisition, the Group recorded a value of $1,888,122 in relation to an identifiable intangible asset, being a Licence, which was being amortised over its useful life. Management is required to assess whether there have been any impairment indicators in relation to the recoverability of this asset, and if so, to test the asset for impairment. We focused on this area as a key audit matter as accounting for this transaction is a complex and judgemental exercise, requiring management to assess whether there have been any impairment indicators in relation to the recoverability of this asset, and if so, to test the asset for impairment.	Our procedures included but were not limited to the following: ▪ We reviewed management's assessment of whether any impairment indicators existed that would require the Licence to be tested for impairment; and ▪ We considered the indicators of impairment set out in AASB 136 to determine whether any indicators existed that would require the Group to test the Licence for impairment.

Information Other than the Financial Report and Auditor's Report Thereon

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

Our opinion on the financial report does not cover the other information and accordingly 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 inconsistent 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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 the 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 Group'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 Group'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 Group 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.

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 control 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.

HLB Mann Judd

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Plus Connect Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

HLB Mann Judd

Giallonardo

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
28 September 2018

ADDITIONAL ASX INFORMATION

The following information is current as at 24 August 2018.

1. Corporate Governance Statement

The URL where the Company's Corporate Governance Statement is located is https://www.plusconnect.com.au/site/investor-information1/investor-welcome.

2. Substantial Shareholders

The following holders are registered by the Company as a substantial holder, having declared a relevant interest in accordance with the *Corporations Act 2001* (Cth), in the voting shares below:

Substantial Holder Name	Date of interest	Number of ordinary shares[1]	% of issued capital[2]	Current number of ordinary shares[3]	% of current issued capital[4]
NVFAM Investments Pty Ltd ACN 614 074 823	15/09/2016	50,000,000	13.9%	50,000,000	6.22%
Nicholas John Blair Prosser	16/09/2016	39,400,000	10.95%	53,159,423	6.62%
Paul Crossin	20/01/2017	56,892,193	10.46%	56,892,193	7.08%
CVC Limited ACN 002 700 361	12/01/2018	50,000,000	8.11%	50,000,000	6.22%

[1] As disclosed in the last notice lodged with the ASX by the substantial shareholder.
[2] The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.
[3] The number of ordinary shares that the substantial holder holds as at 24 August 2018 as stated in the records held by the Company's share registry.
[4] The percentage based on the total issued capital of the Company as at 24 August 2018, including all quoted shares and unquoted shares.

3. Number of Security Holders

Securities	Number of Holders
Quoted and Unquoted Ordinary Shares	2,092
Unlisted Options	7
Performance Rights	8
Convertible Notes	4

ADDITIONAL ASX INFORMATION

4. Voting Rights

Securities	Voting Rights
Ordinary Shares	Subject to any rights or restrictions for the time being attached to any class or classes, at general meetings of shareholders or classes of shareholders: (a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative; (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she is appointed a proxy, attorney or representative, have one vote for each share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited).
Unlisted Options	The Options do not carry any voting rights.
Performance Rights	The Performance Rights do not carry any voting rights.
Convertible Notes	The Convertible Notes do not carry any voting rights.

5. Distribution Schedule

Distribution schedule for quoted and unquoted Ordinary Shares:

	Quoted and Unquoted Ordinary Shares		
Distribution	**Holders**	**Securities**	**% of Issued Capital**
1 - 1,000	937	156,253	0.02%
1,001 - 5,000	203	534,206	0.07%
5,001 - 10,000	84	616,024	0.08%
10,001 - 100,000	434	20,964,715	2.61%
100,001 – and over	434	781,685,797	97.23%
TOTAL	**2,092**	**803,956,995**	**100.00%**

ADDITIONAL ASX INFORMATION

Distribution schedule for Options:

	Options		
	Holders	**Securities**	**% of Issued Capital**
1 - 1,000	0	0	0.00%
1,001 - 5,000	0	0	0.00%
5,001 - 10,000	0	0	0.00%
10,001 - 100,000	0	0	0.00%
100,001 – and over	7	7,330,000	100.00%
TOTAL	**7**	**7,330,000**	**100.00%**

Distribution schedule for Performance Rights:

	Performance Rights		
	Holders	**Securities**	**% of Issued Capital**
1 - 1,000	0	0	0.00%
1,001 - 5,000	0	0	0.00%
5,001 - 10,000	0	0	0.00%
10,001 - 100,000	0	0	0.00%
100,001 – and over	8	19,000,000	100.00%
TOTAL	**8**	**19,000,000**	**100.00%**

The Company has also issued convertible notes to four unrelated parties for a total principal amount of $2,400,000. Each convertible note may be converted at a 20% discount to the issue price of ordinary shares issued pursuant to an equity raising to be completed by the Company pursuant to a prospectus issued to satisfy ASX Listing Rule 1.1 Condition 3 in relation to the re-compliance with Chapters 1 and 2 of the ASX Listing Rules (**Capital Raising**). The conversion of these convertible notes is subject to the Company receiving ASX's conditional approval for its securities to be reinstated to official quotation and completion of the Capital Raising.

6. Holders of Non-Marketable Parcels

Date	Closing price of shares	Number of holders
24 August 2018	$0.015	1,409

ADDITIONAL ASX INFORMATION

7. Top 20 Shareholders of Quoted Shares

The top 20 largest shareholders of quoted fully paid ordinary shares together hold 52.37% of the securities in this class and are listed below:

Rank	Holder Name	Quoted ordinary shares	% of capital
1	MRS JOANNE EDGAR CROSSIN & MR PAUL DOMINIC CROSSIN <EDGAR CROSSIN FAMILY A/C>	54,115,059	9.77%
2	NVFAM INVESTMENTS PTY LTD <NVFAM INVESTMENTS A/C>	50,000,000	9.02%
3	PROSSER CDC PTY LTD <PROSSER CDC A/C>	38,000,000	6.86%
4	CITICORP NOMINEES PTY LIMITED	20,559,795	3.71%
5	JETOSEA PTY LTD	15,527,546	2.80%
6	PROSSER CDC PTY LTD	12,500,000	2.26%
7	UNLIMITED BUSINESS STRATEGIES PTY LTD <UBS SUPER FUND A/C>	10,420,769	1.88%
8	MR KEVIN ANDREW FELL	9,139,222	1.65%
9	MR JOHN ZACCARIA & MRS NOLEEN RADALJ-ZACCARIA	9,000,000	1.62%
10	MR ALAN JOSEPH PHILLIPS	8,644,027	1.56%
11	MR OTBERT EELKE DE JONG	8,435,612	1.52%
12	ONE MANAGED INVESTMENT FUNDS LIMITED <TECHNICAL INVESTING ABSOLUTE RETURN A/C>	7,500,000	1.35%
13	MAXIM CAPITAL PTY LIMITED	6,992,224	1.26%
14	MR BOH TIONG YAP	6,981,915	1.26%
15	MR JAMIE PHILLIP BOYTON	6,000,000	1.08%
16	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	5,678,891	1.02%
17	GINGA PTY LTD	5,660,000	1.02%
18	KATHERINE ISCOE	5,601,468	1.01%
19	MR FRANK GEORGE CARLOW & MRS REBECCA CARLOW <CARLOW FAMILY SUPER A/C>	4,751,477	0.86%
20	MR FRANK BALESTRA & MRS MELISSA JANE BALESTRA <BALESTRA SUPER FUND A/C>	4,674,892	0.84%
	TOTAL	**290,182,897**	**52.37%**

In addition to quoted ordinary shares, there are also 249,900,000 unquoted ordinary shares on issue.

ADDITIONAL ASX INFORMATION

8. Company details

Joint Company Secretaries: Charly Duffy & Carlie Hodges

Registered Address: Coghlan Duffy & Co, Level 42, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000

Telephone: 03 9614 2444

Address for where the register is kept: Automic Pty Ltd, Level 12, 575 Bourke Street, Melbourne VIC 3000

Telephone of where the register is kept: 1300 288 664

Other stock exchange where the entity's equity securities are quoted: N/A

9. Restricted securities

There are no shares on issue that are subject to voluntary or mandatory escrow restriction under ASX Listing Rules Chapter 9.

10. Unquoted Securities

The following unquoted options over unissued ordinary shares (**Options**) are on issue:

Class	Date of Issue	Date of Expiry	Exercise Price	Number of Options	Number of Holders
Unlisted Options	27/04/18	26/04/21	$0.01	4,830,000	5
Unlisted Options	04/12/15	31/12/19	$0.21	1,750,000	1
Unlisted Options	07/06/16	01/06/19	$0.11	750,000	1
				7,330,000	

The following holders holds more than 20% of Options in the Company:

Holder Name	Number of Options	% of Options
Red Leaf Securities Pty Ltd	1,830,000	24.97%
Pheakes Pty Ltd <Senate A/C>	1,750,000	23.87%

The following performance rights are on issue:

Class	Date of Issue	Number of Performance Rights	Number of Holders
Unlisted Class C Performance Rights (subject to performance-based vesting conditions)	04/12/15	19,000,000	8
		19,000,000	

ADDITIONAL ASX INFORMATION

The following holders hold more than 20% of performance rights in the Company:

Holder Name	Number of Performance Rights	% of Performance Rights
Matthew Grant Hornibrook	4,928,521	25.94%
Shahab Zeinoghli	4,571,479	24.06%
Moonstone Wealth Limited	4,275,000	22.50%

The following Convertible Notes are on issue:

Class	Issue Date	Principal Amount ($)	Number of Holders
Unquoted Convertible Notes	08/03/2017	2,000,000	1
Unquoted Convertible Notes	21/09/2017	200,000	1
Unquoted Convertible Notes	14/11/2017	100,000	1
Unquoted Convertible Notes	15/11/2017	100,000	1
		2,400,000	

The following holders hold more than 20% of the convertible notes in the Company:

Holder Name	Principal Amount ($)	% of Convertible Notes
Prosser CDC Pty Ltd	2,000,000	83.33%

The following unquoted fully paid ordinary shares are on issue:

Class	Number of unquoted ordinary shares	Number of Holders
Unquoted fully paid ordinary shares	249,900,00	42

The following holders hold more than 20% of the unquoted fully paid ordinary shares in the Company:

Holder Name	Number of unquoted ordinary shares	% of unquoted ordinary shares
CVC Limited	50,000,000	20.01%

11. Share buy-backs

There is no current on-market buy-back scheme.