

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

Part 1

| | |
|--|--|
| Name of Entity | PLC Financial Solutions Limited |
| ABN | 53 123 879 416 |
| Financial Period | Year ended 30 June 2019 |
| Previous Corresponding Reporting Period | Year ended 30 June 2018 |

Part 2 – Results for Announcement to the Market

| | \$ | Percentage increase /(decrease) over previous corresponding period |
|---|-----------|--|
| Revenue from ordinary activities | 259,350 | 1184% |
| Loss from ordinary activities after related income tax expense | (433,740) | -74% |

| Dividends | Amount per security | Franked amount per security |
|---|----------------------------|------------------------------------|
| Final Dividend | Nil | Nil |
| Interim Dividend | Nil | Nil |
| Record date for determining entitlements to the dividends (if any) | Not Applicable | |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer Part 9 for commentary on the results for the year.

Part 3 – Contents of ASX Appendix 4E

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Part 4 – Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2019

| | 2019 | 2018 |
|---|------------------|--------------------|
| | \$ | \$ |
| Revenue | 259,350 | 20,000 |
| Other revenue – interest | 12 | 3,929 |
| Gross Profit/(Loss) from continuing operation | <u>259,362</u> | <u>23,929</u> |
| Other Income | - | 204 |
| Administrative expenses | (597,902) | (1,581,324) |
| Occupancy expenses | (95,200) | (48,000) |
| Other expenses | - | (33,404) |
| (Loss) before income tax | <u>(433,740)</u> | <u>(1,638,595)</u> |
| Income tax (expense) / benefit | - | - |
| (Loss) after income tax | <u>(433,740)</u> | <u>(1,638,595)</u> |
| Other comprehensive income / (loss) | | |
| Items that may be reclassified to profit or loss: | | |
| Forex reserve on deregistration of HK subsidiary reclassified to Profit or Loss | - | - |
| Net gain/(loss) on re-measurement of available for sale financial assets | - | - |
| Foreign exchange gains / (losses) arising from translations of financial statements of foreign operations | - | 14,271 |
| Other comprehensive income for the period, net of tax | - | 14,271 |
| Total comprehensive (loss) for the year | <u>(433,740)</u> | <u>(1,624,324)</u> |
| Net (loss) attributable to: | | |
| -Equity holders of the parents | (433,740) | (1,638,595) |
| -Non-controlling interests | - | - |
| | <u>(433,740)</u> | <u>(1,638,595)</u> |
| Total comprehensive income / (loss) attributable to: | | |
| -Equity holders of the parents | (433,740) | (1,624,324) |
| -Non-controlling interests | - | - |
| | <u>(433,740)</u> | <u>(1,624,324)</u> |

Part 5 – Retained earnings

| | 2019 \$ | 2018 \$ |
|---|---------------------|---------------------|
| Accumulated profit / (loss) at the beginning of the year | (28,176,803) | (26,538,208) |
| (Loss) for the year | (433,740) | (1,638,595) |
| Adjustments to accumulated loss | (1,301,524) | - |
| Retained earnings/(accumulated losses) at the end of the year | <u>(29,912,067)</u> | <u>(28,176,803)</u> |

Part 6 – Consolidated Statement of Financial Position as at 30 June 2019

| | 2019 | 2018 |
|----------------------------------|----------------|------------------|
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 281,061 | 1,012,297 |
| Trade and other receivables | - | - |
| Other current assets | 8,800 | 11,719 |
| Held for trading investments | 5,300 | 5,300 |
| Total Current Assets | <u>295,161</u> | <u>1,029,316</u> |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 256,358 | 318,800 |
| Other non-current assets | 50,000 | - |
| Total Non-Current Assets | <u>306,358</u> | <u>318,800</u> |
| TOTAL ASSETS | <u>601,519</u> | <u>1,348,116</u> |
| CURRENT LIABILITIES | | |
| Current tax liability | - | - |
| Trade and other payables | 52,821 | 487,204 |
| Total Current Liabilities | <u>52,821</u> | <u>487,204</u> |
| Total Liabilities | <u>52,821</u> | <u>487,204</u> |
| NET ASSETS | <u>548,698</u> | <u>860,912</u> |
| EQUITY | | |
| Issued capital | 30,460,765 | 30,285,765 |
| Reserves | - | (1,248,050) |
| Accumulated losses | (29,912,067) | (28,176,803) |
| TOTAL EQUITY | <u>548,698</u> | <u>860,912</u> |

Part 7 – Consolidated Statement of Cash Flows for the year ended 30 June 2019

| | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash flow from operation activities | | |
| Cash receipts in the course of operations | 259,350 | 20,204 |
| Cash payments in the course of operations | (807,118) | (956,773) |
| Interest received | 12 | 3,929 |
| Income tax (paid)/refunded | - | - |
| Net Cash for / (used in) operating activities | (547,756) | (932,640) |
| Cash flows from investing activities | | |
| Payments to acquire PPE | (355,804) | - |
| Proceeds from sale of held for trading investments | - | - |
| Net cash used in investing activities | (355,804) | - |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares net of cost | 175,000 | 749,490 |
| Advancement / repayment of loans by /(to) other entities | - | 12,974 |
| Net cash provided by financing activities | 175,000 | 762,464 |
| Net decrease in cash held | (728,560) | (170,176) |
| Cash at the beginning of the year | 1,012,297 | 1,179,790 |
| Effect of exchange rate fluctuations on cash held | - | 2,683 |
| Adjustment | (2,676) | |
| CASH AT THE END OF THE YEAR | 281,061 | 1,012,297 |

Part 8 – Other income and expenses

| | 2019 \$ | 2018 \$ |
|---|---------------|----------------|
| (a) Other revenue | | |
| Interest | 12 | 3,929 |
| | <u>12</u> | <u>3,929</u> |
| (b) Other income | | |
| Fair value gain on revaluation of investment | - | - |
| Interest income from money lending business | - | - |
| Net gain sale of property, plant and equipment | - | - |
| Other | - | 204 |
| Exchange Gain/(Loss) | - | 204 |
| | <u>-</u> | <u>204</u> |
| (c) Other expenses | | |
| Impairment loss on disposal of investments | - | - |
| Reversal of previous year impairment of receivables | - | - |
| Impairment loss recognised on available-for-sale investment | - | - |
| Impairment loss on trade receivables | - | 32,659 |
| Foreign exchange loss on deregistration of GGHK | - | - |
| Exchange loss | - | 745 |
| | <u>-</u> | <u>33,404</u> |
| (d) Personnel expenses | | |
| Director fee, wages & salaries costs | 54,000 | 391,241 |
| Other employee benefits expenses | - | - |
| | <u>54,000</u> | <u>391,241</u> |

Part 9 – Commentary on Results

FINANCIAL & BUSINESS

The Company has been focusing on growing its existing short-term money lending business in Australia.

The Directors have formed the view that in the wake of the Banking Royal Commission there will be a growing need for alternative financing solutions to Australia's small and medium enterprises (**SMEs**).

To take advantage of this opportunity, in the reporting period the Company has:

- Undertaken and completed its money lending licensing enquiries and legal risk assessments for expanding its lending activities to Australian SME businesses. As previously announced, the Company incorporated a wholly owned Australian subsidiary, GGH Financial Group Pty Ltd (**GGH**) in September 2017 for the purposes of establishing and operating the money lending business in Australia.
- Completed the refurbishment of its offices in Melbourne to create an office environment that will be conducive for financial consultants and telemarketing team to scale up the short-term money business.
- Raised new capital of \$175,000 to add to the existing cash reserves to fund the growth of its short-term money lending business activities.
- GGH executed its first short term loan in the 3rd quarter of 2018.
- GGH has subsequently financed and completed 6 loans for the year ending 30 June 2019. The short terms loans has been from a mixture of SME businesses for general business cash flow and from Real Estate Property developers to cover short term cash flow.
- Revenue received was \$259,350 for the year ending 30 June 2019. This revenue was derived from a combination of referral fees, lead generation sales and interest on loans.

The June 2019 quarter had seen the federal election result and the loosening of APRA rules, GGH has seen a significant increase in activity for its short-term money lending business. The month of August 2019 has continued the momentum of revenue received from the June quarter with the Company optimistic that it can achieve its revenue forecasts subject to successful capital raising and obtaining a financing facility.

Financing Facility

The Company intends on seeking a financing facility so that it can directly fund the demand for the short-term loans that it currently has in its application process rather than to seek the funds via a 3rd party funder and/or trade out its applicants for direct revenue.

Malaysian Lending License

The Company had continued to actively pursue the renewal of its money lending licence for its Malaysian subsidiary, G-Vest, which had expired in September 2018. The Directors

believe the non-renewal of its G-Vest money lending license was due to the recent change in the Malaysian government.

As a result, the Company passed a resolution in December 2018 to discontinue the G-Vest operation so that the Company could focus solely on its Australian operations.

Acquisitions

PLC continues to pursue acquisitions of loan books and other related businesses in the short-term money lending space. To date, the Company has been reviewing various acquisition targets however the Company has not been successful in entering any material agreements for any acquisitions. The board continues to canvass and review potential opportunities and will announce to the market upon entering any agreements with potential suitors.

Suspension of the Company's Securities Update

The Company's shares continue to remain in suspension. The Directors are continuing to work closely with the ASX with the objective of ending the trading suspension of the Company's shares. The Board and the Company will provide further updates on the suspension in due course.

The net loss after tax of the Group for the financial year was \$433,740 (2018: \$1,638,595).

Part 10– Notes to the Consolidated Statement of Cash Flows

| | 2019 \$ | 2018 \$ |
|---|------------------|--------------------|
| (a) Reconciliation of cash | | |
| For the purposes of the consolidated statement of cash flow, cash and cash equivalents are comprised of the followings: | | |
| Cash at bank and on hand | 281,061 | 1,012,297 |
| | <u>281,061</u> | <u>1,012,297</u> |
| (b) Reconciliation of net cash flows used in operating activities to profit/(loss)after income tax | | |
| (Loss) for the year after tax | (433,740) | (1,638,595) |
| Adjustment for: | | |
| - Share-based administrative expenses | - | 526,000 |
| - Gain on revaluation of investment classified as held for trading | - | - |
| - Net (gain) /loss on disposal of investments | - | - |
| - Net (gain) /loss on disposal of property, plant and equipment | - | - |
| - Forex reserve on deregistration of Hong Kong Subsidiary | - | - |
| - Depreciation | 49,446 | 2,725 |
| - Reversal of impairment | - | - |
| - Impairment loss on trade receivables | - | 32,659 |
| - Expenses paid by G-Vest | - | - |
| - Unrealised Forex | - | - |
| - Other | - | (1,924) |
| | <u>(384,294)</u> | <u>(1,079,135)</u> |
| Operating loss before changes in working capital and provisions | | |
| Change in trade and other receivables | 2,919 | 2,669 |
| Change in prepayment | - | - |
| Change in trade and other payables (excl. accrued capital expenditure) | (166,381) | 143,826 |
| Net cash from / (used in) operating activities | <u>(547,756)</u> | <u>(932,640)</u> |

Part 11 – Details Relating to Dividends

| | |
|---|-----------------------|
| Date the dividend is payable | Not Applicable |
| Record date to determine entitlement to the dividend | Not Applicable |
| Amount per security | Not Applicable |
| Total dividend | Not Applicable |
| Amount per security of foreign sourced dividend or distribution | Not Applicable |
| Details of any dividend reinvestment plans in operation | Not Applicable |
| The last date of receipt of an election notice for participation in any dividend reinvestment plans | Not Applicable |

Part 12 – Profit / (Loss) per share

| | 2019 | 2018 |
|--|--------------|--------------|
| | \$ | \$ |
| Basis (loss)/earnings per share | (0.97) cents | (2.45) cents |
| Ordinary shares | No | No |
| Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per shares | 44,552,609 | 67,014,089 |
| There are no potential ordinary shares on issue | | |

Part 13 – Net Tangible Assets per Security

| | 2019 | 2018 |
|--|-------------|-------------|
| Net tangible asset backing per ordinary security | 0.66 cents | 0.66 cents |

Part 14– Details of Entities over Which Control has been Gained or Lost

GGH Financial Group Pty Ltd, a 100% wholly owned subsidiary was incorporated on 11 September 2017.

Part 15 – Details of Associates

NA

Part 16 – Issued Capital

| | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Issued capital | | |
| 160,710,436 (2018: 131,210,436) fully paid ordinary shares | <u>30,460,765</u> | <u>30,285,765</u> |

Part 17 - Subsequent Events

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Part 18 – Segment Reporting

(i) Segment Performance

The following table presents segment revenue and profit information for the respective year ends.

| | Money Lending 2019 \$ | 2018 \$ |
|--|-----------------------------|------------------|
| Revenue | | |
| Other income | 259,350 | 20,000 |
| Interest income | - | - |
| Total segment revenue | <u>259,350</u> | <u>20,000</u> |
| Total segment result before tax from continuing operations | <u>(433,752)</u> | <u>(112,702)</u> |

Part 18 – Segment Reporting (cont'd)

(i) Segment Performance

| | Investment holdings / Corporate | |
|---|---------------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Revenue | | |
| (Loss)/Gain on revaluation | - | - |
| (Loss)/ Gain on fair value revaluation of investments classified as held for trading | - | - |
| Interest and dividend income from investments classified as held for available for sale | 12 | 3,929 |
| Total segment revenue | 12 | 3,929 |
| Total Segment Result before tax | 12 | (1,525,351) |

Reconciliation of segment result to net profit/(loss) before tax

Amounts not included in segment result but reviewed by the Board:

Unallocated items:

| | Consolidated | |
|---|--------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| • Net gain/(loss) on foreign exchange | - | (746) |
| • Other income | - | 204 |
| • Forex reserve on deregistration of Hong Kong Subsidiary | - | - |
| Net (loss) before tax | (433,740) | (1,638,595) |

Part 18 – Segment Reporting (cont'd)

(ii) Segment Position

| | Consolidated | |
|---|--------------|-----------|
| | 2019 | 2018 |
| | \$ | \$ |
| Segment Assets | | |
| Trade receivables - money lending | - | - |
| Investment in gold equities & gold related entities | 5,300 | 5,300 |
| | | |
| Increase for the period | | |
| • capital expenditure | 56,357 | 201,000 |
| • acquisitions | | |
| | 56,357 | 201,000 |
| <i>Reconciliation of segment assets to group assets</i> | | |
| Unallocated assets: | - | - |
| Corporate assets | 539,862 | 1,141,816 |
| Total assets as at 30 June | 601,519 | 1,348,116 |

Part 18 – Segment Reporting (cont'd)

(iii) Segment Liabilities

All liabilities of the consolidated entity currently relate to money lending & unallocated/corporate segments.

(iv) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

| | Consolidated | |
|--|---------------------|---------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Malaysia | - | - |
| Australia | 259,350 | 20,000 |
| Total Revenue – continuing operations | 259,350 | 20,000 |

(v) Assets by geographical region

| | | |
|---------------------|----------------|------------------|
| Australia | 601,519 | 1,224,743 |
| Malaysia | - | 123,373 |
| Total Assets | 601,519 | 1,348,116 |

(vi) Major customers

The total revenue derived from a major customer during the year ended 30 June 2019 was 96% (2018: 100%).

Part 19 – Audit Status

| | | | |
|--|----------|--|--|
| This report is based on accounts to which one of the following applies: (Tick one) | | | |
| The accounts have been audited | | The accounts have been subject to review | |
| The accounts are in the process of being audited or subject to review | V | The accounts have not yet been audited or reviewed | |

Accounting Standards

For foreign entities, International Financial Reporting Standards (IFRS) are used in compiling their financial reports.

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not currently applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification

Not applicable