Property Connect Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Property Connect Holdings Limited
ABN:	27 091 320 464
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	174.3%	to	345,422
Loss from ordinary activities after tax attributable to the owners of Property Connect Holdings Limited	down	46.7%	to	(854,531)
Loss for the year attributable to the owners of Property Connect Holdings Limited	down	46.7%	to	(854,531)

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

Comments
The loss for the consolidated entity after providing for income tax amounted to $854,531 (30 June 2018: $1,604,021).

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

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	0.07	0.05

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

The financial statements have not yet been audited.

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11. Attachments

Details of attachments (if any):

The Unaudited Financial Report of Property Connect Holdings Limited for the year ended 30 June 2019 is attached.

Mr David Nolan
Non-Executive Director

Date: 30 August 2019

REVIEW OF OPERATIONS

FINANCIAL UPDATE

Property Connect reported a net loss from continuing operations for the year of $854,531, a significant decrease of $749,490 from the prior corresponding period's loss of $1,604,021. The result was driven by a decrease in operational costs, which were kept to a minimum while the Company sought to commercialise its LiveOffer Rental and Property Sales platforms and identify synergistic opportunities.

OPERATIONAL PROGRESS

During the first half of the year, the Company made the decision to suspend further technical development of the LiveOffer platforms while it sought to capitalise on existing opportunities for the integration of its LiveOffer platforms with complimentary businesses.

In the second half of the year, the Company undertook an operational review of the business infrastructure and how best to manage resources for its existing LiveOffer platforms and future commercial market opportunities. This included engagement of software engineering staff as necessary to work with the Company moving forward.

In order to complete this review, the Company appointed Mr Mark Natoli to the role of General Manager, Operations. Mr Natoli is an experienced property and financial services executive and is responsible for managing the Company's operational and resourcing needs and managing third party client relationships, including sales and marketing and identifying strategic opportunities for consideration by the Board.

Following completion of the operational review, the General Manager, Operations and the Company's software engineering resources have continued to maintain the LiveOffer platforms to ensure they are in an optimal format for implementation in the changing property market conditions domestically and internationally.

CORPORATE

$450,000 Raised from Underwritten Rights Issue

Following shareholder approval on 18 January 2019, the Company's shares were consolidated on 3:1 basis on 24 January 2019 (Consolidation). Following the Consolidation, the Company issued 225,120,247 shares to complete a rights issue to raise $450,000 (Rights Issue). The Rights Issue was fully underwritten by JGM Investments Pty Ltd and David Nolan (Non-Executive Director). The Company also issued 16,666,667 options to JGM Investments Pty Ltd as consideration for underwriting the Rights Issue. Mr Nolan did not receive any fee for his participation in the underwriting and no additional fees were paid for the underwriting.

Legal Proceedings

The former CEO of the Company, Darren Patterson, has commenced proceedings against the Company in relation to the termination of his engagement as CEO in October 2018. The Company intends to vigorously defend this claim.

BOARD CHANGES

On 30 November 2018, at the Company's AGM Mr Darren Paterson was not re-elected to the Board. On 4 December 2018, Mr Paul Tosi was appointed to the Board. Mr Tosi is a chartered accountant with over 25 years in finance and accounting and an experienced property executive. Mr Tosi is a National Director with Colliers International, financially responsible for the Real Estate Management division and oversees all aspects of Risk and Control around client trusts. His expertise includes mergers and acquisitions, strategy & planning, contract negotiation and risk management.

On 2 May 2019, Mr Michael Carter resigned as Chairman to focus on other career interests and business opportunities. Mr Frank Cavasinni was appointed as Chairman. As the founder of LCI Partners, which has extensive experience providing commercial and industrial estate management services with a portfolio of over 55 large commercial and industrial properties, Mr Cavasinni brings a wealth of experience to the Company. In addition, LCI Partners are uniquely placed to assist Company to develop its existing business and build valuable relationships in the property sector.

OUTLOOK

The company is operating with minimal overheads and fiscal discipline. The Company continues productive discussions with potential partners for the commercial application of the LiveOffer platforms, both in their current format and potentially customised to meet targeted sectors of the domestic property market.

In addition, the Company continues to seek to identify synergistic opportunities. The Company has had discussions with a number of parties and will continue to consider complementary opportunities which may add shareholder value

GOING CONCERN

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate, pending the successful completion of a future capital raising, such that it can continue to pay its debts as and when they fall due.

Property Connect Holdings Limited

ABN 27 091 320 464

Unaudited Financial Report - 30 June 2019

Contents
30 June 2019

General information

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

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

Suite 404, 234 George Street
Sydney, NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2019. The directors have the power to amend and reissue the financial statements.

Property Connect Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue from continuing operations	4	345,422	198,177
Expenses			
Advertising and marketing expenses		(40,733)	(42,539)
Audit and accounting fees		(96,538)	(90,754)
Consultant and advisory fees		(172,991)	(164,333,)
Depreciation and amortisation		(228,308)	(144,250)
Director fees		(214,000)	(220,609)
Finance expenses		(4,381)	-
Insurance		(46,930)	(23,576)
IT / computer expenses		(48,464)	(33,845)
Legal fees		(92,281)	(133,701)
Professional fees		(35,611))	(286,718)
Public company costs		(66,219)	(75,767)
Research and development costs		-	(78,000)
Rental and occupancy expenses		(64,108)	(26,647)
Travel and entertainment		(70,980)	(60,556)
Other expenses from ordinary activities		(18,408)	(37,334)
Impairment of assets		-	(52,770)
Loss before income tax expense from continuing operations		(854,531)	(1,272,922)
Income tax expense	5	-	-
Loss after income tax expense from continuing operations		(854,531)	(1,272,922)
Loss after income tax expense from discontinued operations	6	-	(331,099)
Loss after income tax expense for the year attributable to the owners of Property Connect Holdings Limited	19	(854,531)	(1,604,021)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Property Connect Holdings Limited		(854,531)	(1,604,021)
Total comprehensive income for the year is attributable to:			
Continuing operations		(854,531)	(1,272,922)
Discontinued operations		-	(331,099)
		(854,531)	(1,604,021)

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

Property Connect Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $ Cents	Consolidated 2018 $ Cents
Earnings per share for loss from continuing operations attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	20	(0.12)	(0.14)
Diluted earnings per share	20	(0.12)	(0.14)
Earnings per share for loss from discontinued operations attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	20	-	(0.04)
Diluted earnings per share	20	-	(0.04)
Earnings per share for loss attributable to the owners of Property Connect Holdings Limited			
Basic earnings per share	20	(0.12)	(0.18)
Diluted earnings per share	20	(0.12)	(0.18)

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

Property Connect Holdings Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	7	503,715	662,362
Trade and other receivables	8	4,245	30,195
Prepayments	9	335	-
Total current assets		508,295	692,557
Non-current assets			
Property, plant and equipment	10	3,318	-
Intangibles	11	85,950	199,250
Financial Assets	12	10,501	-
Total non-current assets		99,769	199,250
Total assets		608,064	891,807
Liabilities			
Current liabilities			
Trade and other payables	13	43,752	39,896
Total current liabilities		43,752	39,896
Non-current liabilities			
Other non-current payables		-	-
Total non-current liabilities		-	-
Total liabilities		43,782	39,896
Net assets		564,313	851,911
Equity			
Issued capital	14	9,158,946	8,592,013
Reserves	15	14,760	14,760
Accumulated losses		(8,609,393)	(7,754,862)
Total equity		564,313	851,911

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

Property Connect Holdings Limited
Statement of changes in equity
For the year ended 30 June 2019

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

Consolidated	**Issued capital $**	**Foreign Currency Translation reserves $**	**Share based payment reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	8,592,013	-	14,760	(7,754,862)	851,911
Loss after income tax expense for the year			-	(854,531)	(854,531)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(854,531)	(854,531)
Release of reserves	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 14)	566,933	-	-	-	566,933
Share-based payments (note 21)	-	-	-	-	-
Balance at 30 June 2019	9,158,946	-	14,760	(8,609,393)	564,313

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

Property Connect Holdings Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(940,795)	(1,047,163)
Interest received		851	476
Finance costs		(4,381)	-
R&D grant incentive received		344,571	197,701
Net cash used in operating activities	19	(599,754)	(848,986)
Cash flows from investing activities			
Payments for intangibles	11	(122,100)	(341,270)
Purchase of property, plant and equipment	10	(3,726)	
Return from liquidation of business		-	48,395
Net cash used in investing activities		(125,826)	(292,875)
Cash flows from financing activities			
Proceeds from issue of shares	14	585,454	920,587
Funds from convertible notes		-	-
Transaction costs		(18,520)	-
Net cash from financing activities		566,934	920,587
Net increase/(decrease) in cash and cash equivalents		(158,646)	(221,274)
Cash and cash equivalents at the beginning of the financial year		662,362	883,636
Cash and cash equivalents at the end of the financial year	7	503,715	662,362

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

Note 1. Significant accounting policies

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

Going concern

The Group incurred a loss of $854,531 (2018: $1,604,021) and had a reduction of cash outflows of $62,628 over the course of twelve months. The opening cash balance was $662,362 and the finished the financial year with a closing cash balance of $503,715. Although the conditions appear to be getting better it still places uncertainty around the Group's ability to continue as a going concern and therefore, whether it will realise its assets or liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate, pending the successful completion of a future capital raising, such that it can continue to pay its debts as and when they fall due.

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

Basis of preparation

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

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

The Company's registered office is at Suite 404, 234 George Street, Sydney. These consolidated financial statements comprise the Company (the parent) and its subsidiary (together referred to as the 'Group').

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

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

Revenue and Other Income

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

Interest revenue is recognised using the effective interest method.

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

Income tax

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Intangible assets
Development of Property Connect Platform

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

Employee benefits

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

Earnings per share

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

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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

Note 1. Significant accounting policies (continued)

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

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

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

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

Note 3. Operating segments

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

Note 4. Revenue

	Consolidated 2019 $	Consolidated 2018 $
From continuing operations		
Interest	851	476
R&D tax incentives	344,571	197,701
Revenue from continuing operations	345,422	198,177

Note 5. Income tax expense

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

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(854,531)	(1,272,922)
Loss before income tax expense from discontinued operations	-	(331,099)
	(854,531)	(1,604,021)
Tax at the statutory tax rate of 27.5%	(234,996)	(441,106)
Current year tax on losses not recognized	(234,996)	(441,106)
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognized		
Unused tax losses for which no deferred tax asset has been recognised	(4,265,596)	(3,411,065)
Potential tax benefit @ 27.5%	1,173,039	938,043

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Note 5. Income Tax Expense (continued)

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

Note 6. Discontinued operations

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

Financial performance information

	Consolidated	
	2019	2018
Loss on disposal before income tax	-	(331,099)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(331,099)
Loss after income tax expense from discontinued operations	-	(331,099

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2019	2018
	$	$
Cash and cash equivalents	-	1,602
Trade and other receivables	-	4,797
Other assets	-	4,174
Plant and equipment	-	4,735
Intangibles assets	-	223,536
Other non-current assets	-	17,387
Total assets	-	256,231
Trade and other payables	-	275,245
Other equity reserves	-	(26,375)
Total liabilities	-	248,870
Net assets	-	7,361

Details of the disposal

	Consolidated	
	2019	2018
	$	$
Carrying amount of net assets disposed	-	(7,361)
Derecognition of foreign currency reserve	-	(372,133)
Return from liquidation of PCI	-	48,395
Loss on disposal before income tax	-	(331,099)
Loss on disposal after income tax	-	(331,099)

Note 7. Current assets – cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash on hand	503,715	662,362

Note 8. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Other Receivables	4,245	30,195

Note 9. Current assets - Prepayments

	Consolidated 2019 $	Consolidated 2018 $
Prepayments	335	-

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

	Consolidated 2019 $	Consolidated 2018 $
Computer equipment – at cost	3,726	-
Less: Accumulated Depreciation	(408)	-
	3,318	-

Note 11. Non-current assets – intangibles

	Consolidated 2019 $	Consolidated 2018 $
Development of Property Connect Platform - at cost	513,100	398,500
Less: Accumulated amortization	(427,150)	(199,250)
	85,950	199,250
Patents applications - at cost	52,770	52,770
Less: Impairment	(52,770)	(52,770)
	-	-
	85,950	199,250

Reconciliations

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

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

	Development of PCH Platform $	Patent Applications $	Total $
Balance at 1 July 2017	55,000	-	55,000
Additions	288,500	52,770	341,270
Impairment of assets		(52,770)	(52,770)
Amortisation expense	(144,250)		(144,250)
Balance at 30 June 2018	199,250	0	199,250
Additions	114,600		114,600
Impairment of assets			0
Amortisation expense	(227,900)		(227,900)
Balance at 30 June 2019	85,950	0	85,950

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

Note 12. Non-current assets – financial assets

	Consolidated 2019 $	Consolidated 2018 $
Bond for Office Paid – 2 months	10,501	-

Note 13. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	7,085	2,936
Other payables	36,667	37,500
	43,752	39,896

Refer to note 16 for further information on financial instruments
Due to short term nature of these payables, their carrying amount is assumed to approximate their fair value.

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Note 14. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	685,863,475	1,201,935,732	9,158,946	8,592,013

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2017	721,935,732	7,478,773
Capital raising		368,234,800	920,587
Shares issued in lieu of fees		111,765,200	279,413
Share issue cost		-	(86,760)
Balance	30 June 2018	1,201,935,732	8,592,013
Capital raising		405,411,804	585,453
Share restructure		(921,484,061)	-
Share issue cost		-	(18,520)
Balance	30 June 2019	85,863,475	9,158,946

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

Note 15. Equity - reserves

Nature and purpose of reserves
(i) Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

(ii) Share-based payments reserve
The share-based payments reserve is used to recognise their fair value of share-based payments, be that shares and/or options made to directors and/or consultants. Reserve items are transferred to issued equity upon the issue of ordinary shares in relation to the share-based payment.

Consolidated	Foreign currency translation reserve $	Share based payment reserve $	Total $
Balance at 1 July 2017	10,000	382,133	392,133
Foreign currency translation	(10,000)	(382,133)	(392,133)
Share based payment	14,760	-	14,760
Balance at 30 June 2018	14,760	-	14,760
Share based payment	-	-	-
Balance at 30 June 2019	14,760	-	14,760

Note 16. Financial instruments

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

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

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

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

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

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

	Consolidated	
	2019	**2018**
	$	**$**
Financial Assets - at amortised cost		
Cash and cash equivalents	503,715	662,362
Trade and other receivables	4,245	30,194
Total Financial Assets	507,960	692,556
Financial Liabilities at amortised cost		
Trade and other payables	43,752	33,896

Currency risk

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

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents. The maximum exposure to credit risk is limited to the Group's cash and cash equivalents balance at 30 June 2019 being $503,715 (2018:$662,362).

Note 16. Financial instruments (continued)

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

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

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities
Non-derivatives						
Non-interest bearing						
Trade payables	-	43,752	-	-	-	43,752
Total non-derivatives		43,752	-	-	-	43,752

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

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

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

The carrying amounts of financial instruments reflect their fair value.

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

Note 17. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business / Country of incorporation	2019 %	2018 %
Property Connect Operations Pty Ltd	Australia	100%	100%

Note 18. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 19. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(854,531)	(1,604,021)
Adjustments for:		
Depreciation and amortisation	228,308	144,250
Impairment of intangibles	0	52,770
Share-based payments	0	207,413
Loss on disposal of subsidiary		331,099
Change in operating assets and liabilities:		
Decrease in trade and other receivables	21,204	68,708
Increase in trade and other payables	5,265	(49,205)
Net cash used in operating activities	(599,754)	(848,986)

Note 20. Earnings per share

	Consolidated	
	2019	2018
Earnings per share for loss from continuing operations	$	$
Loss after income tax attributable to the owners of Property Connect Holdings Limited	(854,531)	(1,272,922)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	685,863,475	883,689,157
Weighted average number of ordinary shares used in calculating diluted earnings per share	685,863,475	883,689,157
	Cents	Cents
Basic earnings per share	(0.12)	(0.14)
Diluted earnings per share	(0.12)	(0.14)

	Consolidated	
	2019	2018
Earnings per share for loss from discontinued operations	$	$
Loss after income tax attributable to the owners of Property Connect Holdings Limited	-	(331,099)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	685,863,475	883,689,157
Weighted average number of ordinary shares used in calculating diluted earnings per share	685,863,475	883,689,157
	Cents	Cents
Basic earnings per share	-	(0.04)
Diluted earnings per share	-	(0.04)

	Consolidated	
	2019	2018
Earnings per share for loss	$	$
Loss after income tax attributable to the owners of Property Connect Holdings Limited	(854,531)	(1,604,021)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	685,863,475	883,689,157
Weighted average number of ordinary shares used in calculating diluted earnings per share	685,863,475	883,689,157
	Cents	Cents
Basic earnings per share	(0.12)	(0.18)
Diluted earnings per share	(0.12)	(0.18)

Note 21. Share-based payments

On 27 March 2019, the Company issued 16,666,667 options to a third-party underwriter JGM Investments Pty Ltd. The company has engaged an external valuer and the valuation will be included in the audited financial statements.

End of document