

# **PLUS CONNECT LIMITED**

**(Formerly: Activistic Limited)**

**ACN 007 701 715**

## **PRELIMINARY FINAL REPORT**

For the Financial Period ended 30 June 2018  
(Incorporating information pursuant to ASX listing rule 4.3A)

**Details of the reporting period**

Name of entity:	Plus Connect Limited (formerly Activistic Limited)
ACN:	007 701 715
Current reporting period:	30 June 2018
Previous reporting period:	30 June 2017

**Results for announcement to the market**

	2018 \$	2017 \$	Change %
Revenues from continuing activities	95,972	59,392	62%
Loss from continuing activities after tax attributable to members	(5,216,479)	(8,537,069)	-39%
Net loss for the period attributable to members	(5,163,069)	(8,421,079)	-39%

**Dividends**

	Amount per security	Franked amount per security
Final dividend proposed	Nil	n/a
Interim dividend	Nil	n/a
Record date for determining entitlement to the dividend	n/a	n/a

**Annual Financial Information**

This report includes the following statements:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2018;
- Consolidated Statement of Financial Position as at 30 June 2018;
- Consolidated Statement of Cash Flows for the financial year ended 30 June 2018; and
- Consolidated Statement of Changes in Equity for the financial year ended 30 June 2018.

**Net tangible assets per security**

	2018	2017
Net tangible assets	(\$ 1,967,772)	(\$ 973,480)
Shares on issue	803,956,995	554,056,979
Net tangible assets per share (cents)	(0.24) c	(0.18) c

**Principal activities**

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

**Entities over which control has been gained or lost**

There was no gain or loss in control during the year ended 30 June 2018.

**Review of Operations**

The Company 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.

**Status of audit**

These financial statements are in the process of being audited.

Yours faithfully,



Paul Crossin  
Director

31 August 2018

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

	Note	Consolidated Year ended	
		30 Jun 2018	30 Jun 2017
		\$	\$
<b>Continuing operations</b>			
Revenue		84,709	55,928
Other income		11,263	3,464
<b>Total revenue</b>		<b>95,972</b>	<b>59,392</b>
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		(560,073)	(241,411)
Share based payments		(31,879)	(57,896)
Loss on foreign exchange		55,676	(33,222)
Other expenses from ordinary activities		(567,223)	(119,029)
Impairment		(1,135,733)	(3,257,619)
Finance costs		(190,054)	(27,212)
<b>Loss before income tax expense</b>		<b>(5,189,080)</b>	<b>(8,882,202)</b>
Income tax benefit	5	-	287,856
<b>Loss after tax from continuing operations</b>		<b>(5,189,080)</b>	<b>(8,594,346)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		53,410	115,990
<b>Other comprehensive loss for the period, net of tax</b>		<b>53,410</b>	<b>115,990</b>
<b>Total comprehensive loss for the period</b>		<b>(5,135,670)</b>	<b>(8,478,356)</b>
<b>Loss attributable to:</b>			
Members of Plus Connect Limited		(5,216,479)	(8,537,069)
Non-controlling interest		27,399	(57,277)
		<b>(5,189,080)</b>	<b>(8,594,346)</b>
<b>Total comprehensive loss attributable to:</b>			
Members of Plus Connect Limited		(5,163,069)	(8,421,079)
Non-controlling interest		27,399	(57,277)
		<b>(5,135,670)</b>	<b>(8,478,356)</b>
Basic and diluted loss per share (cents)	2	(0.85)	(2.11)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	Consolidated 30 Jun 2018 \$	30 Jun 2017 \$
<b>Current assets</b>			
Cash and cash equivalents		780,636	606,265
Trade and other receivables		53,780	95,329
Other current assets		176,225	517,907
<b>Total current assets</b>		<b>1,010,641</b>	<b>1,219,501</b>
<b>Non-current assets</b>			
Property, plant and equipment		9,279	15,790
Intangible Assets	7	-	1,662,500
<b>Total non-current assets</b>		<b>9,279</b>	<b>1,678,290</b>
<b>Total assets</b>		<b>1,019,920</b>	<b>2,897,791</b>
<b>Current liabilities</b>			
Trade and other payables		525,022	595,187
Other current liabilities		57,662	99,585
Provisions		5,008	13,999
<b>Total current liabilities</b>		<b>587,692</b>	<b>708,771</b>
<b>Non-Current liabilities</b>			
Loans payable		2,400,000	1,500,000
<b>Total non-current liabilities</b>		<b>2,400,000</b>	<b>1,500,000</b>
<b>Total liabilities</b>		<b>2,987,692</b>	<b>2,208,771</b>
<b>Net assets</b>		<b>(1,967,772)</b>	<b>689,020</b>
<b>Equity</b>			
Issued capital	3	23,170,358	20,723,359
Reserves	4	236,641	1,543,803
Accumulated losses		(25,374,771)	(21,550,743)
<b>Equity attributable to owners of the parent</b>		<b>(1,967,772)</b>	<b>716,419</b>
Non-controlling interest		-	(27,399)
<b>Total equity</b>		<b>(1,967,772)</b>	<b>689,020</b>

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

Consolidated	Issued capital \$	Reserves		Accumulated losses \$	Non- controlling interests \$	Total equity \$
		Share-based payment reserve \$	Foreign currency translation reserve \$			
<b>Balance at 1 July 2016</b>	<b>12,830,449</b>	<b>1,579,553</b>	<b>35,362</b>	<b>(13,013,674)</b>	<b>29,878</b>	<b>1,461,568</b>
Loss for the period	-	-	-	(8,537,069)	(57,277)	(8,594,346)
Other comprehensive income for the period	-	-	115,990	-	-	115,990
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>115,990</b>	<b>(8,537,069)</b>	<b>(57,277)</b>	<b>(8,478,356)</b>
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)
<b>Balance at 30 June 2017</b>	<b>20,723,359</b>	<b>1,392,451</b>	<b>151,352</b>	<b>(21,550,743)</b>	<b>(27,399)</b>	<b>689,020</b>
<b>Balance at 1 July 2017</b>	<b>20,723,359</b>	<b>1,392,451</b>	<b>151,352</b>	<b>(21,550,743)</b>	<b>(27,399)</b>	<b>689,020</b>
Loss for the period	-	-	-	(5,216,479)	27,399	(5,189,080)
Other comprehensive income for the period	-	-	53,410	-	-	53,410
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>53,410</b>	<b>(5,216,479)</b>	<b>27,399</b>	<b>(5,135,670)</b>
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	-	-
<b>Balance at 30 June 2018</b>	<b>23,170,358</b>	<b>31,879</b>	<b>204,762</b>	<b>(25,374,771)</b>	<b>-</b>	<b>(1,967,772)</b>

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

	<b>Consolidated Year ended</b>	
	<b>30 Jun 2018</b>	<b>30 Jun 2017 \$</b>
<b>Cash flows from operating activities</b>		
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 costs of finance paid	(189,992)	(10,235)
<b>Net cash outflow from operating activities</b>	<b>(3,010,628)</b>	<b>(4,852,919)</b>
<b>Cash flows from investing activities</b>		
Cash flow from loans to other entities	-	(660,000)
Cash received from acquisition of subsidiary	-	37,657
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(622,343)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	2,446,999	3,560,000
Proceeds from loans	1,150,000	1,500,000
Repayment of borrowings	(250,000)	(125,000)
Payments for share issue costs	(162,000)	(302,090)
<b>Net cash inflow from financing activities</b>	<b>3,184,999</b>	<b>4,632,910</b>
Net (decrease)/increase in cash held	174,371	(842,352)
Cash and cash equivalents at the beginning of the period	606,265	1,448,617
<b>Cash and cash equivalents at the end of the period</b>	<b>780,636</b>	<b>606,265</b>

**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS****1. Statement of significant accounting policies****Statement of compliance**

These preliminary consolidated financial statements are prepared in accordance with the accounting principles of a general purpose financial report.

This report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with any public announcements made by Plus Connect Limited and its subsidiaries during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

**Basis of preparation**

The financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

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:

Consolidated statement of profit or loss and other comprehensive income:

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

Consolidated statement of financial position:

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.

Consolidated statements of cash flows:

The comparative consolidated statements of cash flows for the year ended 30 June 2018 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 for the year ended 30 June 2018 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.



**Accounting policies and methods of computation**

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Significant accounting judgments and key estimates**

The preparation of this financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

**Going concern**

Notwithstanding the fact that the Group incurred a net loss of \$5,189,080 for the year ended 30 June 2018, the Directors are of the opinion that the Group is a going concern for the following reasons:

- a) Ability to manage and defer costs where applicable;
- b) Successful history of capital raisings;
- c) 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 interim financial report.

The audit report is likely to contain an Emphasis of Matter in relation to going concern.

**Adoption of new and revised standards**

New and revised Standards and amendments thereof and Interpretations effective for the current year do not have any material impact on the Group.

**2. Loss per share**

	Year ended	
	30 Jun 2018	30 Jun 2017
Net loss for the financial period	(5,216,479)	(8,537,069)
Weighted average number of ordinary shares outstanding during the financial period	611,230,680	407,862,144
<b>Loss per share (cents)</b>	<b>(0.85)</b>	<b>(2.11)</b>
<b>Basic and diluted loss per share (cents)</b>	<b>(0.85)</b>	<b>(2.11)</b>

### 3. Issued capital

Fully paid ordinary shares	Year ended 30 Jun 2018		Year ended 30 Jun 2017	
	No.	\$	No.	\$
<b>Balance at the start of the financial period</b>	554,056,979	20,723,359	181,806,963	12,830,449
<u>Acquisition of Plus Connect Ltd</u>				
Issue of shares on acquisition	-	-	180,000,016	4,140,000
Shares issued for cash	-	-	178,000,000	3,560,000
Issue of shares to Plus Connect creditor	-	-	12,500,000	250,000
Private Placement	249,900,000	2,499,000	-	-
Capital raising costs	-	(52,001)	-	(302,090)
Performance rights converted to shares	16	-	1,750,000	245,000
<b>Balance at the end of the financial period</b>	<b>803,956,995</b>	<b>23,170,358</b>	<b>554,056,979</b>	<b>20,723,359</b>

#### Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder' meetings.

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.

#### Capital risk management

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide 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.

#### 4. Reserves

##### Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	Year ended 30 Jun 2018 \$	Year ended 30 Jun 2017 \$
<b>Reserves</b>		
Share based payments reserve	31,879	1,392,451
Foreign currency translation reserve	204,762	151,352
	<b>236,641</b>	<b>1,543,803</b>

#### 5. Income tax benefit

	\$	\$
Research and development tax grant	-	287,856

#### 6. 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 Limited 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 are as follows:

##### Assets acquired and liabilities assumed

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:

	\$
<i>Consideration Paid</i>	
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
Fair value of consideration paid	<b>4,390,000</b>
<i>Net tangible assets acquired</i>	
Current assets	518,830
Non-current assets	9,795
Current liabilities	(1,053,202)
Non-current liabilities	(250,000)
Net tangible assets acquired	<b>(774,577)</b>

**6. Business Combination (continued)**

	\$
Other identifiable intangible assets acquired - licence	1,888,122
– other	75,573
Fair value of net assets acquired	<u>1,189,118</u>
<b>Excess of fair value of consideration paid over identifiable assets acquired (goodwill)</b>	<b><u>3,200,882</u></b>

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.

There have been no changes to the provisional accounting disclosed above.

**7. Intangible Assets**

	Year ended	
	30 Jun 2018	30 Jun 2017
Licence acquired through business combination	1,888,222	1,888,122
Less: Amortisation since acquisition	(779,889)	(225,622)
Less: Impairment	(1,108,333)	-
<b>Net carrying value</b>	<u>-</u>	<u>1,662,500</u>