



### 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | Property Connect Holdings Limited        |
| ABN:              | 27 091 320 464                           |
| Reporting period: | For the half-year ended 31 December 2019 |
| Previous period:  | For the half-year ended 31 December 2018 |

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### 2. Results for announcement to the market

|   |      |          | \$        |
|---|------|----------|-----------|
| Revenues from ordinary activities   | down | 99.9% to | 206       |
| Loss from ordinary activities after tax attributable to the owners of Property Connect Holdings Limited | up   | 13.1% to | (380,397) |
| Loss for the year attributable to the owners of Property Connect Holdings Limited                       | up   | 13.1% to | (380,397) |

#### Comments

The loss for the consolidated entity after providing for income tax amounted to \$380,397 (31 December 2018: \$437,922). Refer to the "Review of operations" section for details on the current year performances.

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### 3. Net tangible assets

|   | Reporting<br>period<br>Cents | Previous<br>period<br>Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>0.03</u>                  | <u>0.03</u>                 |

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### 4. Control gained over entities

Not applicable.

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### 5. Loss of control over entities

Not applicable.

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## 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

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## 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 were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

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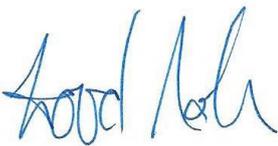
## 11. Attachments

### *Details of attachments (if any):*

The Interim Financial Report of Property Connect Holdings Limited for the half-year ended 31 December 2019 is attached.

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## 12. Signed



Non-Executive Director

Date: 5 March 2020



# **Property Connect Holdings Limited**

**ABN 27 091 320 464**

**Interim Financial Report - 31 December 2019**



|                                  |  |
|----------------------------------|--|
| Directors                        | Francesco Cavasinni<br>Paul Tosi<br>David Nolan  |
| Company Secretary                | David Nolan  |
| Notice of annual general meeting | The details of the annual general meeting of Property Connect Holdings Limited are:<br><br>Suite 404, 234 George Street<br>Sydney NSW 2000 |
| Registered office                | Property Connect Holdings Limited<br>Suite 404, 234 George Street<br>Sydney NSW 2000   |
| Share register                   | Automic Group<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000  |
| Auditor                          | Pitcher Partners<br>Level 16, Tower 2 Darling Park<br>201 Sussex Street<br>Sydney NSW 2000   |
| Solicitors                       | Addisons<br>Level 12, 60 Carrington Street<br>Sydney NSW 2000  |
| Bankers                          | National Australia Bank<br>255 George St<br>Sydney NSW 2000  |
| Securities exchange listing      | Property Connect Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: PCH ordinary shares)                  |
| Website                          | <a href="https://propertyconnect.com">https://propertyconnect.com</a>  |



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Property Connect Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

#### **Directors**

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

Francesco Cavasinni  
David Nolan  
Paul Tosi

#### **Principal activities**

The Group is developing products for use in the Australian and International real estate technology sector.

#### **Dividends**

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

#### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$380,397 (31 December 2018: Loss of \$437,922).

#### **FINANCIAL UPDATE**

Property Connect reported a net loss for the period of \$380,397, a decrease of \$57,525 from the corresponding period.

#### **OPERATIONAL PROGRESS**

During the period the company continued to maintain the Live Offer platform while it continued to seek to identify synergistic opportunities. The company has had productive discussions with a number of parties.

The company liaised with ASX in relation to the treatment of potential transactions under the ASX Listing Rules. The company was notified that in ASX's opinion its operations were not sufficient to warrant the continued quotation of its securities as required under ASX Listing Rule 12.1. If the company does not demonstrate compliance with Listing Rule 12.1 to the ASX's satisfaction by 24 April 2020, ASX may suspend the company's securities from official quotation. If the company proposes to enter into any transactions it must consult with ASX so that it may consider the application of Listing Rule 11.1, in particular, Listing Rule 11.1.3.

Legal proceedings commenced by the former CEO of the company, Darren Patterson, remain ongoing. The company continues to vigorously defend this claim.

#### **OUTLOOK**

The company is operating with minimal overheads and fiscal discipline. The company continues to seek to identify synergistic opportunities and transactions which will 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, such that it can continue to pay its debts as and when they fall due. The directors have prepared the financial statements on the basis of a going concern based on tighter fiscal control and further reductions in all non-essential operating expenses. The directors are confident in the ability to raise additional capital as required for any transaction to which the ASX applies Listing Rule 11.1.

In addition, subsequent to balance date, the group has received additional funds by way of loan from a substantial shareholder to assist with funding of operations. The loan has a term of two (2) years with principal and interest payable at the end of the term (refer to note 9).

The directors have made appropriate enquiries and have a reasonable expectation that PCH has adequate resources to continue operations for the foreseeable future.

**Significant changes in the state of affairs**

During the period the directors of the consolidated entity have assessed the value of the property connect platform. After review of the possible income to be generated from the platform, it was decided that the value was \$nil and an adjustment was required to the carrying amount. The directors do not believe that the platform will serve to produce revenue in the future.

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

**Matters subsequent to the end of the financial half-year**

On 27 February 2020 JGM Property Investments Pty Ltd, a substantial shareholder of the company, advanced a loan of \$100,000 to the company. The loan is unsecured, has a two year term and is on arm's length terms. Principal and interest is due and payable at the end of the loan term.

No other matter or circumstance has arisen since 31 December 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.

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Wood Ash'.

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Non-Executive Director

5 March 2020

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

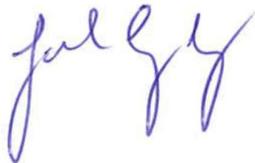
p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
to the Directors of Property Connect Holdings Limited  
ABN 27 091 320 464**

In relation to the independent auditor's review for the half year ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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



**J Gavljak**  
Partner



**Pitcher Partners**  
Sydney

5 March 2020

## Property Connect Holdings Limited

### Contents

31 December 2019



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### 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 half-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 Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 March 2020.

### Corporate Governance Statement

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

**Property Connect Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**



|   | Note | Consolidated              |                           |
|---|------|---------------------------|---------------------------|
|   |      | 31 December<br>2019<br>\$ | 31 December<br>2018<br>\$ |
| <b>Revenue</b>  | 4    | 206                       | 344,705                   |
| <b>Expenses</b>   |      |                           |                           |
| Advertising and marketing expenses  |      | (499)                     | (41,015)                  |
| Audit and accounting fees   |      | (24,823)                  | (42,253)                  |
| Consultant and advisory fees  |      | (35,333)                  | (140,989)                 |
| Depreciation and amortisation   |      | (95,060)                  | (127,125)                 |
| Director fees   |      | (82,562)                  | (116,667)                 |
| Finance expenses  |      | (4,313)                   | (5,991)                   |
| Impairment of intangibles   | 5    | (52,308)                  | -                         |
| Insurance   |      | (19,518)                  | (20,479)                  |
| IT / computer expenses  |      | (2,183)                   | (40,137)                  |
| Legal fees  |      | (28,822)                  | (60,227)                  |
| Professional fees   |      | -                         | (35,611)                  |
| Public company costs  |      | (25,501)                  | (37,615)                  |
| Rental and occupancy expenses   |      | (192)                     | (37,994)                  |
| Travel and entertainment  |      | (3,828)                   | (68,250)                  |
| Other expenses from ordinary activities   |      | (5,663)                   | (8,274)                   |
| <b>Loss before income tax expense</b>   |      | (380,397)                 | (437,922)                 |
| Income tax expense  |      | -                         | -                         |
| <b>Loss after income tax expense for the year attributable to the owners of Property Connect Holdings Limited</b> |      | (380,397)                 | (437,922)                 |
| <b>Other comprehensive income</b>   |      |                           |                           |
| <i>Items that may be reclassified subsequently to profit or loss</i>  |      |                           |                           |
| Foreign currency translation  |      | -                         | -                         |
| Other comprehensive income for the year, net of tax   |      | -                         | -                         |
| <b>Total comprehensive loss for the year attributable to the owners of Property Connect Holdings Limited</b>      |      | (380,397)                 | (437,922)                 |
|   |      | <b>Cents</b>              | <b>Cents</b>              |
| <b>Loss per share for loss attributable to the owners of Property Connect Holdings Limited</b>                    |      |                           |                           |
| Basic loss per share  | 10   | (0.06)                    | (0.04)                    |
| Diluted loss per share  | 10   | (0.06)                    | (0.04)                    |

*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 31 December 2019**



|                                      |             | <b>Consolidated</b>         |                         |
|--------------------------------------|-------------|-----------------------------|-------------------------|
|                                      | <b>Note</b> | <b>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|                                      |             | <b>\$</b>                   | <b>\$</b>               |
| <b>Assets</b>                        |             |                             |                         |
| <b>Current assets</b>                |             |                             |                         |
| Cash and cash equivalents            |             | 218,192                     | 503,715                 |
| Trade and other receivables          |             | 40,516                      | 14,746                  |
| Prepayments                          |             | 26,855                      | 335                     |
| <b>Total current assets</b>          |             | <u>285,563</u>              | <u>518,796</u>          |
| <b>Non-current assets</b>            |             |                             |                         |
| Property, plant and equipment        |             | 3,607                       | 3,318                   |
| Intangibles                          | 5           | -                           | 119,288                 |
| Right-of-use asset                   | 6           | 71,917                      | -                       |
| <b>Total non-current assets</b>      |             | <u>75,524</u>               | <u>122,606</u>          |
| <b>Total assets</b>                  |             | <u>361,087</u>              | <u>641,402</u>          |
| <b>Liabilities</b>                   |             |                             |                         |
| <b>Current liabilities</b>           |             |                             |                         |
| Trade and other payables             |             | 58,753                      | 43,752                  |
| Borrowings                           |             | 13,386                      | -                       |
| Lease Liabilities                    | 7           | 56,988                      | -                       |
| <b>Total current liabilities</b>     |             | <u>129,127</u>              | <u>43,752</u>           |
| <b>Non-current liabilities</b>       |             |                             |                         |
| Lease liabilities                    | 7           | 14,707                      | -                       |
| <b>Total non-current liabilities</b> |             | <u>14,707</u>               | <u>-</u>                |
| <b>Total liabilities</b>             |             | <u>143,834</u>              | <u>43,752</u>           |
| <b>Net assets</b>                    |             | <u>217,253</u>              | <u>597,650</u>          |
| <b>Equity</b>                        |             |                             |                         |
| Issued capital                       | 8           | 24,755,714                  | 24,755,714              |
| Reserves                             |             | 312,902                     | 312,902                 |
| Accumulated losses                   |             | (24,851,363)                | (24,470,966)            |
| <b>Total equity</b>                  |             | <u>217,253</u>              | <u>597,650</u>          |

*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 half-year ended 31 December 2019**



|  | Issued capital | Share based<br>payment<br>reserve | Accumulated<br>losses | Total equity |
|--|----------------|-----------------------------------|-----------------------|--------------|
| <b>Consolidated</b>  | \$             | \$                                | \$                    | \$           |
| Balance at 1 July 2018                                       | 24,189,281     | 312,402                           | (23,649,772)          | 851,911      |
| Loss after income tax expense for the year                   | -              | -                                 | (437,922)             | (437,922)    |
| Other comprehensive income for the year, net of tax          | -              | -                                 | -                     | -            |
| Total comprehensive income for the year                      | -              | -                                 | (437,922)             | (437,922)    |
| <i>Transactions with owners in their capacity as owners:</i> |                |                                   |                       |              |
| Contributions of equity, net of transaction                  | 135,212        | -                                 | -                     | 135,212      |
| Balance at 31 December 2018                                  | 24,324,493     | 312,402                           | (24,087,694)          | 549,201      |

|  | Issued capital | Share based<br>payment<br>reserve | Accumulated<br>losses | Total equity |
|--|----------------|-----------------------------------|-----------------------|--------------|
| <b>Consolidated</b>  | \$             | \$                                | \$                    | \$           |
| Balance at 1 July 2019                                       | 24,755,714     | 312,902                           | (24,470,966)          | 597,650      |
| Loss after income tax expense for the year                   | -              | -                                 | (380,397)             | (380,397)    |
| Other comprehensive income for the year, net of tax          | -              | -                                 | -                     | -            |
| Total comprehensive income for the year                      | -              | -                                 | (380,397)             | (380,397)    |
| <i>Transactions with owners in their capacity as owners:</i> |                |                                   |                       |              |
| Contributions of equity, net of transaction costs            | -              | -                                 | -                     | -            |
| Balance at 31 December 2019                                  | 24,755,714     | 312,902                           | (24,851,363)          | 217,253      |

*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 half-year ended 31 December 2019**



|  | <b>Consolidated</b>   |                       |
|--|-----------------------|-----------------------|
|  | <b>31 December</b>    | <b>31 December</b>    |
|  | <b>2019</b>           | <b>2018</b>           |
| <b>Note</b>  | <b>\$</b>             | <b>\$</b>             |
| <b>Cash flows from operating activities</b>              |                       |                       |
| Payments to suppliers and employees (inclusive of GST)   | (266,212)             | (682,431)             |
| Interest received  | 206                   | 134                   |
| Finance costs  | (4,312)               | (4,137)               |
| R&D grant incentive received                             | -                     | 344,571               |
| Net cash used in operating activities                    | <u>(270,318)</u>      | <u>(341,863)</u>      |
| <b>Cash flows from investing activities</b>              |                       |                       |
| Payments for intangibles                                 | -                     | (114,600)             |
| Purchase of property, plant and equipment                | (1,400)               | (3,726)               |
| Net cash used in investing activities                    | <u>(1,400)</u>        | <u>(118,326)</u>      |
| <b>Cash flows from financing activities</b>              |                       |                       |
| Net proceeds from borrowings                             | 13,386                | -                     |
| Repayment of principal portion of lease liability        | (27,191)              | -                     |
| Proceeds from issue of shares                            | -                     | 135,212               |
| Net cash from financing activities                       | <u>(13,805)</u>       | <u>135,212</u>        |
| Net decrease in cash and cash equivalents                | (285,523)             | (324,977)             |
| Cash and cash equivalents at the beginning of the period | <u>503,715</u>        | <u>662,362</u>        |
| Cash and cash equivalents at the end of the period       | <u><u>218,192</u></u> | <u><u>337,385</u></u> |

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

## **Note 1. Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*, as appropriate for a for-profit oriented entity. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*. The consolidated statements were authorised for issue on 5 March 2020.

### *Significant accounting policies*

These general purpose financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### *Changes in significant accounting policies*

The group has applied all new and revised Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended standard that is not yet mandatory have not been early adopted by the group.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The following Accounting Standard or Interpretation is the most relevant to the consolidated entity:

### *AASB 16 Leases*

As of 1 July 2019, the consolidated entity adopted AASB 16. This standard replaced AASB 117 'Leases' and eliminates the classification of operating leases and finance leases. The lease liability has been measured at the present value of all contractual payments due to the lessor. The initial measurement of the lease liability includes a rental increase stated in the lease contract.

The group has adopted a modified retrospective approach. Using this approach, the initial effect of applying AASB 16 has been recognised as an equity adjustment. As such, the group has not restated balances to reflect the new standard. The group has elected to apply the following practical expedients to the measurement of the right-of-use asset and lease liability in relation to those leases previously classified as operating leases under the AASB 117:

- to recognise the right-of-use asset at the date of initial application at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to apply a single discount rate to the lease. The discount rate used is 3.5%p.a; and
- to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application

On initial recognition, the lease liability includes only amounts expected to be payable under the lease term. As the option to extend is not planned, the group have not included this in the lease liability. The lease is expected to be continued until the end of the lease term and as such there has been no penalties for early termination included in the lease liability.

The right-of-use asset has been recognised as the lease liability less any incentives received for payments made before commencement date and/ or any initial direct costs incurred. There has been no recognition of any provision for contractual obligations required to restore the leased asset. These have been deemed minimal and not included.

As a result of the application of AASB 16, the company has recognised a right-of-use asset with a carrying amount of \$98,886 and corresponding lease liability with a carrying amount of \$98,886. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 3.5%p.a.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the outstanding lease liability after each lease payment. Right-of-use assets have been amortised on a straight-line basis over the remaining term of the lease.

**Note 1. Significant accounting policies (continued)**

The below is a reconciliation of lease commitments to the total lease liability recognised at 1 July 2019:

|  |                      |
|--|----------------------|
|  | \$                   |
| Operating Lease commitments as at 30 June 2019 | 101,815              |
| Less: Effect of discounting                    | <u>(2,929)</u>       |
| Lease liability recognised at 1 July 2019      | <u><u>98,886</u></u> |

At 31 December 2019, the group has shown the lease obligations as lease liabilities. The reconciliation of this is as follows:

|                                     |                      |
|-------------------------------------|----------------------|
|                                     | \$                   |
| Opening balance at 1 July 2019      | -                    |
| AASB 16 transition                  | 98,886               |
| Amortisation of discounting         | <u>(27,191)</u>      |
| Lease liability at 31 December 2019 | <u><u>71,695</u></u> |
| Current                             | 56,988               |
| Non-current                         | <u>14,707</u>        |
|                                     | <u><u>71,695</u></u> |

**Note 2. Going concern**

The Group incurred a net loss after tax for the half-year ended 31 December 2019 of \$380,397 (31 December 2018: loss of \$437,922) and had cash outflows for operating activities of \$270,318 (31 December 2018: operating cash outflows of \$341,863). As at 31 December 2019 the Group had a cash balance of \$218,192 (30 June 2019: \$503,715). As at 31 December 2019, the Group had net assets of \$217,253 (30 June 2019: \$597,650).

The directors have made appropriate enquiries and have a reasonable expectation that PCH has adequate resources to continue operations for the foreseeable future.

The directors have prepared the financial statements on the basis of a going concern based on tighter fiscal control and further reductions in all non-essential operating expenses. The directors are confident in the ability to raise additional capital as required for any transaction to which the ASX applies Listing Rule 11.1.

In addition, subsequent to balance date, the group has received additional funds by way of a loan from a substantial shareholder to assist with funding of operations. The loan has a term of two (2) years with principal and interest payable at the end of the term (refer to note 9).

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

**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 Group is developing products for use in the Australian and International real estate technology sector.

The group derives income from revenue from interest income. Operations are run out of the head office located at suite 404, 234 George Street, Sydney NSW, Australia. The Board is responsible for the allocation of resources to the operating segment and to assess its performance.

Note 4. Revenue

|                                    | Consolidated        |                     |
|------------------------------------|---------------------|---------------------|
|                                    | 31 December<br>2019 | 31 December<br>2018 |
|                                    | \$                  | \$                  |
| Interest                           | 206                 | 134                 |
| R&D tax incentives                 | -                   | 344,571             |
| Revenue from continuing operations | <u>206</u>          | <u>344,705</u>      |

Note 5. Intangibles

|  | Consolidated        |                 |
|--|---------------------|-----------------|
|  | 31 December<br>2019 | 30 June<br>2019 |
|  | \$                  | \$              |
| Development of Property Connect Platform - at cost | 513,100             | 513,000         |
| Less: Impairment charge                            | (52,308)            | -               |
| Less: Accumulated amortisation                     | (460,792)           | (393,812)       |
|  | <u>-</u>            | <u>119,188</u>  |

During the period the directors of the consolidated entity have assessed the value of the Property Connect Platform. After review of the possible income to be generated from the platform, it was decided that the value was \$nil and an adjustment was required to the carrying amount. The directors do not believe that the platform will serve to produce revenue in the future.

*Reconciliations*

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

|                             | Development of PCH<br>Platform | Total          |
|-----------------------------|--------------------------------|----------------|
|                             | \$                             | \$             |
| Balance at 1 July 2018      | 241,959                        | 241,959        |
| Additions                   | 114,600                        | 114,600        |
| Impairment of assets        | -                              | -              |
| Amortisation expense        | (237,271)                      | (237,271)      |
|                             | <u>119,288</u>                 | <u>119,288</u> |
| Balance at 30 June 2019     | 119,288                        | 119,288        |
| Additions                   | -                              | -              |
| Impairment of assets        | (52,308)                       | (52,308)       |
| Amortisation expense        | (66,980)                       | (66,980)       |
| Balance at 31 December 2019 | <u>-</u>                       | <u>-</u>       |

**Note 6. Right-of-use asset**

|                                     | Consolidated        |                 |
|-------------------------------------|---------------------|-----------------|
|                                     | 31 December<br>2019 | 30 June<br>2019 |
|                                     | \$                  | \$              |
| Right-of-use asset                  | 98,886              | -               |
| Less: accumulated depreciation      | (26,969)            | -               |
| Carrying value – right-of-use asset | <u>71,917</u>       | <u>-</u>        |

**Note 7. Lease liability**

|                                     | Consolidated        |                 |
|-------------------------------------|---------------------|-----------------|
|                                     | 31 December<br>2019 | 30 June<br>2019 |
|                                     | \$                  | \$              |
| Opening balance at 1 July 2019      | -                   | -               |
| AASB 16 transition                  | 98,886              | -               |
| Amortisation of discounting         | (27,191)            | -               |
| Lease liability at 31 December 2019 | <u>71,695</u>       | <u>-</u>        |
| Current                             | 56,988              | -               |
| Non-current                         | 14,707              | -               |
|                                     | <u>71,695</u>       | <u>-</u>        |

**Note 8. Equity - issued capital**

|                              | Consolidated        |                    |                     |                   |
|------------------------------|---------------------|--------------------|---------------------|-------------------|
|                              | 31 December<br>2019 | 30 June<br>2019    | 31 December<br>2019 | 30 June<br>2019   |
|                              | Shares              | Shares             | \$                  | \$                |
| Ordinary shares - fully paid | <u>685,863,475</u>  | <u>685,863,475</u> | <u>24,755,714</u>   | <u>24,755,714</u> |

*Shares under option*

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

| Grant date | Expiry date | Exercise price | Number under option |
|------------|-------------|----------------|---------------------|
| 26/03/2019 | 28/02/2020  | \$0.003        | 16,666,667          |
| 24/10/2016 | 10/03/2020  | \$0.060        | 11,666,667          |
| 28/02/2018 | 28/02/2020  | \$0.075        | 6,000,000           |
|            |             |                | <u>34,333,334</u>   |

**Note 8. Equity - issued capital (continued)**

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

*Movements in ordinary share capital*

There was no movement to ordinary share capital during the period.

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 9. Events after the reporting period**

On 27 February 2020 JGM Property Investments Pty Ltd, a substantial shareholder of the company, advanced a loan of \$100,000 to the company. The loan has a term of two (2) years and is unsecured. Interest is due and payable at the end of the loan term.

No other matter or circumstance has arisen since 31 December 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 10. Earnings per share**

|   | <b>Consolidated</b> |                      |
|---|---------------------|----------------------|
|   | <b>31 December</b>  | <b>31 December</b>   |
|   | <b>2019</b>         | <b>2018</b>          |
|   | \$                  | \$                   |
| <i>Loss per share for loss</i>  |                     |                      |
| Loss after income tax attributable to the owners of Property Connect Holdings Limited     | <u>(380,397)</u>    | <u>(437,922)</u>     |
|   | <b>Number</b>       | <b>Number</b>        |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>685,863,475</u>  | <u>1,152,347,363</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>685,863,475</u>  | <u>1,152,347,363</u> |
|   | <b>Cents</b>        | <b>Cents</b>         |
| Basic loss per share  | (0.06)              | (0.04)               |
| Diluted loss per share  | (0.06)              | (0.04)               |



**Note 11. Contingent liabilities**

*Claims*  
A Claim for unspecified damages was lodged against Property Connect Holdings Limited by the former CEO of the company. The claim is in relation to the termination of his engagement as CEO in October 2018. The case is ongoing and the company is mindful of releasing further information in relation to this matter. The company is continuing to defend this claim.

Other than the abovementioned, the entity does not have any other contingent liabilities to report.



In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Wood Ash'.

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Non-Executive Director

5<sup>th</sup> March 2020

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**Independent Auditor's Review Report  
to the Members of Property Connect Holdings Limited  
ABN 27 091 320 464**

**Report on the Half Year Financial Report**

We have reviewed the accompanying half year financial report of Property Connect Holdings Limited ("the Company") and the entity it controlled ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half Year Financial Report**

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Property Connect Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independent Auditor's Review Report  
to the Members of Property Connect Holdings Limited  
ABN 27 091 320 464**

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 of the financial report, which indicates that the Group incurred a loss after income tax of \$380,397 and has cash outflows from operating activities of \$270,318 for the half-year ended 31 December 2019. As stated in Note 2, these events or conditions, along with the other matters set forth indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Property Connect Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



**J Gavljak**  
Partner

5 March 2020



**Pitcher Partners**  
Sydney