

## 1. Company details

|                   |                                   |
|-------------------|-----------------------------------|
| Name of entity:   | Property Connect Holdings Limited |
| ABN:              | 27 091 320 464                    |
| Reporting period: | For the year ended 30 June 2020   |
| Previous period:  | For the year ended 30 June 2019   |

## 2. Results for announcement to the market

|   |      |           | \$        |
|---|------|-----------|-----------|
| Revenues from ordinary activities   | down | 99.91% to | 287       |
| Loss from ordinary activities after tax attributable to the owners of Property Connect Holdings Limited | down | 28.19% to | (620,374) |
| Loss for the year attributable to the owners of Property Connect Holdings Limited                       | down | 28.19% to | (620,374) |

### *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 \$620,374 (30 June 2019: \$863,902). 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 | <u>0.00</u>      | <u>0.07</u>     |

## 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 2020 is attached.

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This announcement has been authorised for release by Director, Mr David Nolan.



Date: 31 August 2020

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**Mr David Nolan**  
Non-Executive Director

## REVIEW OF OPERATIONS

### FINANCIAL UPDATE

Property Connect reported a net loss from continuing operations for the year of \$620,374, a decrease of \$243,528 from the prior corresponding period's loss of \$863,902. 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

Operational costs continued to be kept to a minimum during the period while the Company maintained the LiveOffer platforms and sought to identify synergistic opportunities for commercialisation of the LiveOffer platforms along with alternative transactions which will add shareholder value.

### CORPORATE

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.

On 2 March 2020 the Company's securities were suspended from quotation on the Official List as the ASX determined that its operations were not sufficient to warrant the continued quotation of its securities. Reinstatement to the Official List is at the discretion of the ASX and will require satisfaction of Chapters 1 and 2 of the Listing Rules.

### Legal Proceedings

Legal proceedings commenced by the former CEO of the company, Daren Patterson, were settled for \$65,000 under a Deed of Settlement and Release. While the Company was disappointed that the proceedings were commenced it is pleased with the outcome of the settlement.

### OUTLOOK

The company is operating with minimal overheads and fiscal discipline. The Company continues to seek a transaction which will satisfy Chapters 1 and 1 of the Listing Rules and ASX's requirements for reinstatement to the Official List. However, there is no guarantee that the securities of the Company will be reinstated and if so, when.

### 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 6).

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

# **Property Connect Holdings Limited**

**ABN 27 091 320 464**

## **Unaudited Financial Report - 30 June 2020**

## Property Connect Holdings Limited

### Contents 30 June 2020

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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 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 31 August 2020. 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 2020**



|   | Note | Consolidated<br>2020<br>\$ | 2019<br>\$       |
|---|------|----------------------------|------------------|
| <b>Revenue from continuing operations</b>   | 2    | 287                        | 345,422          |
| <b>Expenses</b>   |      |                            |                  |
| Advertising and marketing expenses  |      | (499)                      | (40,733)         |
| Audit and accounting fees   |      | (64,556)                   | (96,538)         |
| Consultant and advisory fees  |      | (101,914)                  | (172,991)        |
| Depreciation and amortisation   |      | (122,994)                  | (237,680)        |
| Impairment of Assets  |      | (52,308)                   | -                |
| Director fees   |      | (117,395)                  | (214,000)        |
| Finance expenses  |      | (5,644)                    | (4,381)          |
| Insurance   |      | (39,037)                   | (46,930)         |
| IT / computer expenses  |      | (4,222)                    | (48,464)         |
| Legal fees  |      | (37,715)                   | (92,281)         |
| Professional fees   |      | (13,800)                   | (35,611)         |
| Public company costs  |      | (46,695)                   | (66,219)         |
| Rental and occupancy expenses   |      | (335)                      | (64,108)         |
| Travel and entertainment  |      | (3,827)                    | (70,980)         |
| Other expenses from ordinary activities   |      | (9,720)                    | (18,408)         |
| Impairment of assets  |      | -                          | -                |
|   |      | <u>(620,374)</u>           | <u>(863,902)</u> |
| <b>Loss before income tax expense from continuing operations</b>  |      |                            |                  |
| Income tax expense  | 3    | -                          | -                |
| Loss after income tax expense from continuing operations  |      | (620,374)                  | (863,902)        |
| <b>Loss after income tax expense for the year attributable to the owners of Property Connect Holdings Limited</b> | 15   | (620,374)                  | (863,902)        |
| <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 income for the year attributable to the owners of Property Connect Holdings Limited</b>    |      | <u>(620,374)</u>           | <u>(863,902)</u> |

*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 2020**



|   | <b>Note</b> | <b>Consolidated<br/>2020<br/>\$<br/>Cents</b> | <b>2019<br/>\$<br/>Cents</b> |
|---|-------------|---|------------------------------|
| <b>Earnings per share for loss from continuing operations attributable to the owners of Property Connect Holdings Limited</b> |             |   |                              |
| Basic earnings per share  | 17          | (0.09)  | (0.17)                       |
| Diluted earnings per share  | 17          | (0.09)  | (0.17)                       |

*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 2020**



|                                | Note | Consolidated<br>2020<br>\$ | 2019<br>\$          |
|--------------------------------|------|----------------------------|---------------------|
| <b>Assets</b>                  |      |                            |                     |
| <b>Current assets</b>          |      |                            |                     |
| Cash and cash equivalents      | 7    | 153,947                    | 503,715             |
| Trade and other receivables    | 8    | 24,042                     | 14,746              |
| Prepayments                    | 9    | <u>198</u>                 | <u>335</u>          |
| Total current assets           |      | <u>178,187</u>             | <u>518,796</u>      |
| <b>Non-current assets</b>      |      |                            |                     |
| Property, plant and equipment  | 10   | 2,641                      | 3,318               |
| Intangibles                    | 11   | -                          | 119,288             |
| Right-of-use asset             | 5    | <u>44,948</u>              | <u>-</u>            |
| Total non-current assets       |      | <u>47,589</u>              | <u>122,606</u>      |
| <b>Total assets</b>            |      | <u>225,776</u>             | <u>641,402</u>      |
| <b>Liabilities</b>             |      |                            |                     |
| <b>Current liabilities</b>     |      |                            |                     |
| Trade and other payables       | 12   | 104,763                    | 43,752              |
| Lease Liabilities              | 4    | <u>43,737</u>              | <u>-</u>            |
| Total current liabilities      |      | <u>148,500</u>             | <u>43,752</u>       |
| <b>Non-current liabilities</b> |      |                            |                     |
| Borrowings                     | 6    | <u>100,000</u>             | <u>-</u>            |
| Total non-current liabilities  |      | <u>100,000</u>             | <u>-</u>            |
| <b>Total liabilities</b>       |      | <u>248,500</u>             | <u>43,752</u>       |
| <b>Net assets</b>              |      | <u>22,723</u>              | <u>597,650</u>      |
| <b>Equity</b>                  |      |                            |                     |
| Issued capital                 | 13   | 24,755,714                 | 24,755,714          |
| Reserves                       |      | 312,902                    | 312,902             |
| Accumulated losses             |      | <u>(25,091,339)</u>        | <u>(24,470,966)</u> |
| <b>Total equity</b>            |      | <u>22,723</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 year ended 30 June 2020**



| <b>Consolidated</b>  | <b>Issued capital</b><br>\$ | <b>Foreign Currency Translation reserves</b><br>\$ | <b>Share based payment reserve</b><br>\$ | <b>Accumulated losses</b><br>\$ | <b>Total equity</b><br>\$ |
|--|-----------------------------|--|--|---------------------------------|---------------------------|
| Balance at 1 July 2018                                       | 24,189,281                  | -  | 312,402                                  | (23,607,063)                    | 894,620                   |
| Loss after income tax expense for the year                   | -                           | -  | -  | (863,902)                       | (863,902)                 |
| Other comprehensive income for the year, net of tax          | -                           | -  | -  | -                               | -                         |
| Total comprehensive income for the year                      | -                           | -  | -  | (863,902)                       | (863,902)                 |
| Release of reserves  | -                           | -  | -  | -                               | -                         |
| <i>Transactions with owners in their capacity as owners:</i> |                             |  |  |                                 |                           |
| Contributions of equity, net of transaction costs (note 13)  | 566,932                     | -  | -  | -                               | 566,932                   |
| Share-based payments (note 20)                               | (500)                       | -  | 500                                      | -                               | -                         |
| Balance at 30 June 2019                                      | 24,755,714                  | -  | 312,902                                  | (24,470,966)                    | 597,650                   |

| <b>Consolidated</b>  | <b>Issued capital</b><br>\$ | <b>Foreign Currency Translation reserves</b><br>\$ | <b>Share based payment reserve</b><br>\$ | <b>Accumulated losses</b><br>\$ | <b>Total equity</b><br>\$ |
|--|-----------------------------|--|--|---------------------------------|---------------------------|
| Balance at 1 July 2019                                       | 24,755,714                  | -  | 312,902                                  | (24,470,966)                    | 597,650                   |
| Loss after income tax expense for the year                   | -                           | -  | -  | (620,374)                       | (620,374)                 |
| Other comprehensive income for the year, net of tax          | -                           | -  | -  | -                               | -                         |
| Total comprehensive income for the year                      | -                           | -  | -  | (620,374)                       | (620,374)                 |
| Release of reserves  | -                           | -  | -  | -                               | -                         |
| <i>Transactions with owners in their capacity as owners:</i> |                             |  |  |                                 |                           |
| Contributions of equity, net of transaction costs (note 13)  | -                           | -  | -  | -                               | -                         |
| Share-based payments (note 20)                               | -                           | -  | -  | -                               | -                         |
| Balance at 30 June 2020                                      | 24,755,714                  | -  | 312,902                                  | (25,091,339)                    | (22,723)                  |

*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 2020**



|  | Note | Consolidated          |                       |
|--|------|-----------------------|-----------------------|
|  |      | 2020<br>\$            | 2019<br>\$            |
| <b>Cash flows from operating activities</b>                      |      |                       |                       |
| Payments to suppliers and employees (inclusive of GST)           |      | (443,013)             | (948,293)             |
| Interest received  |      | 287                   | 851                   |
| Finance costs  |      | (5,643)               | (4,381)               |
| R&D grant incentive received                                     |      | -                     | 344,571               |
| Net cash used in operating activities                            | 16   | <u>(448,369)</u>      | <u>(607,252)</u>      |
| <b>Cash flows from investing activities</b>                      |      |                       |                       |
| Purchase of property, plant and equipment                        | 10   | (1,400)               | (3,726)               |
| Payments for intangibles   |      | -                     | (114,600)             |
| Return from liquidation of business                              |      | -                     | -                     |
| Net cash used in investing activities                            |      | <u>(1,400)</u>        | <u>(118,326)</u>      |
| <b>Cash flows from financing activities</b>                      |      |                       |                       |
| Proceeds from issue of shares                                    |      | -                     | 585,452               |
| Transaction costs  |      | -                     | (18,520)              |
| Proceeds from borrowings   | 6    | <u>100,000</u>        | -                     |
| Net cash from financing activities                               |      | <u>100,000</u>        | <u>566,932</u>        |
| Net increase/(decrease) in cash and cash equivalents             |      | (349,769)             | (158,646)             |
| Cash and cash equivalents at the beginning of the financial year |      | <u>503,715</u>        | <u>662,362</u>        |
| Cash and cash equivalents at the end of the financial year       | 7    | <u><u>153,947</u></u> | <u><u>503,715</u></u> |

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

**Note 1. 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 2. Revenue**

|                                    | <b>Consolidated</b> |                       |
|------------------------------------|---------------------|-----------------------|
|                                    | <b>2020</b>         | <b>2019</b>           |
|                                    | <b>\$</b>           | <b>\$</b>             |
| <b>From continuing operations</b>  |                     |                       |
| Interest                           | 287                 | 851                   |
| R&D tax incentives                 | <u>-</u>            | <u>344,571</u>        |
| Revenue from continuing operations | <u><u>287</u></u>   | <u><u>345,422</u></u> |

**Note 3. 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.

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2020</b>         | <b>2019</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> |                     |                    |
| Loss before income tax expense from continuing operations                           | (620,374)           | (863,902)          |
| Loss before income tax expense from discontinued operations                         | <u>-</u>            | <u>-</u>           |
| Revenue from continuing operations  | <u>(620,374)</u>    | <u>(863,902)</u>   |
| Tax at the statutory tax rate of 27.5% (2019:27.5%)                                 | (170,603)           | (237,573)          |
| Current year tax on losses not recognised   | <u>170,603</u>      | <u>237,573</u>     |
| Income tax expense  | <u><u>-</u></u>     | <u><u>-</u></u>    |
|   | <b>Consolidated</b> |                    |
|   | <b>2020</b>         | <b>2019</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| <i>Tax losses not recognized</i>  |                     |                    |
| Unused tax losses for which no deferred tax asset has been recognised               | <u>(4,852,632)</u>  | <u>(4,232,258)</u> |
| Potential tax benefit @ 27.5% (30 June 2019:27.5%)                                  | <u>1,334,474</u>    | <u>1,163,871</u>   |

**Note 3. 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 4. Leases liability**

At 30 June 2020, the group has shown the lease obligations as lease liabilities. The reconciliation of this is as follows:

|                                     | <b>Consolidated</b>  |                 |
|-------------------------------------|----------------------|-----------------|
|                                     | <b>2020</b>          | <b>2019</b>     |
|                                     | <b>\$</b>            | <b>\$</b>       |
| Opening balance at 1 July 2019      | -                    | -               |
| AASB 16 transition                  | 98,886               | -               |
| Amortisation of discounting         | <u>(55,149)</u>      | <u>-</u>        |
| Lease liability at 31 December 2019 | <u><u>43,737</u></u> | <u><u>-</u></u> |
| Current                             | 43,737               | -               |
| Non-current                         | <u>-</u>             | <u>-</u>        |
|                                     | <u><u>43,737</u></u> | <u><u>-</u></u> |

**Note 5. Right-of-use asset**

|                                     | <b>Consolidated</b>  |                 |
|-------------------------------------|----------------------|-----------------|
|                                     | <b>2020</b>          | <b>2019</b>     |
|                                     | <b>\$</b>            | <b>\$</b>       |
| Right-of-use asset                  | 98,886               | -               |
| Less: accumulated depreciation      | <u>(53,938)</u>      | <u>-</u>        |
| Carrying value – right-of-use asset | <u><u>44,948</u></u> | <u><u>-</u></u> |

**Property Connect Holdings Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 6. Borrowings**

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 30 June 2020 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 7. Current assets – cash and cash equivalents**

|              | <b>Consolidated</b> |                |
|--------------|---------------------|----------------|
|              | <b>2020</b>         | <b>2019</b>    |
|              | \$                  | \$             |
| Cash on hand | <u>153,947</u>      | <u>503,715</u> |

**Note 8. Current assets - trade and other receivables**

|                   | <b>Consolidated</b> |               |
|-------------------|---------------------|---------------|
|                   | <b>2020</b>         | <b>2019</b>   |
|                   | \$                  | \$            |
| Other Receivables | <u>24,042</u>       | <u>14,746</u> |

**Note 9. Current assets - Prepayments**

|             | <b>Consolidated</b> |             |
|-------------|---------------------|-------------|
|             | <b>2020</b>         | <b>2019</b> |
|             | \$                  | \$          |
| Prepayments | <u>198</u>          | <u>335</u>  |

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

|                                | <b>Consolidated</b> |              |
|--------------------------------|---------------------|--------------|
|                                | <b>2020</b>         | <b>2019</b>  |
|                                | \$                  | \$           |
| Computer equipment – at cost   | 5,126               | 3,726        |
| Less: Accumulated Depreciation | <u>(2,485)</u>      | <u>(408)</u> |
| Computer equipment – at cost   | <u>2,641</u>        | <u>3318</u>  |

**Note 11. Non-current assets – intangibles**

|  | <b>Consolidated</b>          |                         |
|--|------------------------------|-------------------------|
|  | <b>30 June<br/>2020</b>      | <b>30 June<br/>2019</b> |
|  | <b>\$</b>                    | <b>\$</b>               |
| Development of Property Connect Platform - at cost | 513,100                      | 513,100                 |
| Less: Impairment charge                            | (52,308)                     | -                       |
| Less: Accumulated amortisation                     | <u>(460,792)</u>             | <u>(393,812)</u>        |
|  | <u>                    -</u> | <u>119,288</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<br>PCH Platform<br>\$ | Total<br>\$                  |
|-------------------------|--------------------------------------|------------------------------|
| Balance at 1 July 2018  | 241,959                              | 241,959                      |
| Additions               | 114,600                              | 114,600                      |
| Impairment of assets    | -                                    | -                            |
| Amortisation expense    | <u>(237,271)</u>                     | <u>(237,271)</u>             |
| Balance at 30 June 2019 | 119,288                              | 119,288                      |
| Additions               | -                                    | -                            |
| Impairment of assets    | (52,308)                             | (52,308)                     |
| Amortisation expense    | <u>(66,980)</u>                      | <u>(66,980)</u>              |
| Balance at 30 June 2020 | <u>                    -</u>         | <u>                    -</u> |

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges 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. Current liabilities - trade and other payables**

|                | <b>Consolidated</b> |               |
|----------------|---------------------|---------------|
|                | <b>2020</b>         | <b>2019</b>   |
|                | <b>\$</b>           | <b>\$</b>     |
| Trade payables | 74,763              | 7,085         |
| Other payables | <u>30,000</u>       | <u>36,667</u> |
|                | <u>104,763</u>      | <u>43,752</u> |

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.

**Note 13. Equity - issued capital**

|                              | <b>2020</b>        | <b>Consolidated</b> |                   | <b>2019</b>       |
|------------------------------|--------------------|---------------------|-------------------|-------------------|
|                              | <b>Shares</b>      | <b>2019</b>         | <b>2020</b>       | <b>2019</b>       |
|                              |                    | <b>Shares</b>       | <b>\$</b>         | <b>\$</b>         |
| 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 | 26/02/2022  | \$0.003        | <u>16,666,667</u>   |
|            |             |                | <u>16,666,667</u>   |

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 14. 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.

**Note 14. Financial Instruments (continued)**

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:

|  | <b>Consolidated</b> |             |
|--|---------------------|-------------|
|  | <b>2020</b>         | <b>2019</b> |
|  | <b>\$</b>           | <b>\$</b>   |
| <b>Financial Assets - at amortised cost</b>                |                     |             |
| Cash and cash equivalents                                  | 153,947             | 503,715     |
| Trade and other receivables                                | 24,240              | 14,746      |
|  | <hr/>               | <hr/>       |
| Total Financial Assets                                     | 178,187             | 518,461     |
| <b>Financial Liabilities at amortised cost</b>             |                     |             |
| Trade and other payables                                   | 104,763             | 43,752      |
| Lease Liabilities  | 43,737              | -           |
|  | <hr/>               | <hr/>       |
| Total financial Liability                                  | 148,500             | 43,752      |
| <b>Non-current Financial Liabilities at amortised cost</b> |                     |             |
| Security Deposit   | <hr/>               | <hr/>       |

**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 2020 being \$178,187 (2019:\$518,796).

**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.

**Note 14. Financial Instruments – (continued)**

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.

|                             | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|-----------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| <b>Consolidated - 2019</b>  |                                  |                   |                          |                          |                 |                                     |
| <b>Non-derivatives</b>      |                                  |                   |                          |                          |                 |                                     |
| <i>Non-interest bearing</i> |                                  |                   |                          |                          |                 |                                     |
| Trade payables              | -                                | 43,752            | -                        | -                        | -               | 43,752                              |
| Total non-derivatives       | -                                | 43,752            |                          |                          |                 | 43,752                              |
| <b>Consolidated - 2020</b>  |                                  |                   |                          |                          |                 |                                     |
| <b>Non-derivatives</b>      |                                  |                   |                          |                          |                 |                                     |
| <i>Non-interest bearing</i> |                                  |                   |                          |                          |                 |                                     |
| Trade payables              | -                                | 104,763           | -                        | -                        | -               | 104,763                             |
| Lease liability             |                                  | 43,737            |                          |                          |                 | 43,737                              |
| Security deposit            | -                                | -                 | -                        | -                        | -               | -                                   |
| Total non-derivatives       |                                  | 148,500           | -                        | -                        | -               | 148,500                             |

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 15. 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:

| Name                                | Principal place of business / Country of incorporation | Ownership interest |         |
|-------------------------------------|--|--------------------|---------|
|                                     |  | 2020 %             | 2019 %  |
| Property Connect Operations Pty Ltd | Australia  | 100.00%            | 100.00% |

**Property Connect Holdings Limited**  
**Notes to the financial statements**  
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**Note 15. Interests in subsidiaries (continued)**

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 16. Reconciliation of loss after income tax to net cash used in operating activities**

|   | <b>Consolidated</b> |                  |
|---|---------------------|------------------|
|   | <b>2020</b>         | <b>2019</b>      |
|   | <b>\$</b>           | <b>\$</b>        |
| Loss after income tax expense for the year  | (620,374)           | (863,902)        |
| Adjustments for:                            |                     |                  |
| Depreciation and amortisation               | 69,058              | 237,680          |
| Impairment of intangibles                   | 52,308              | -                |
| Other                                       | (1,213)             | -                |
| Loss on disposal of subsidiary              | -                   | -                |
| Change in operating assets and liabilities: |                     |                  |
| Decrease in trade and other receivables     | (9,159)             | 15,115           |
| Decrease in trade and other payables        | <u>(61,011)</u>     | <u>3,855</u>     |
| Net cash used in operating activities       | <u>(448,369)</u>    | <u>(607,252)</u> |

**Note 17. Earnings per share**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2020</b>         | <b>2019</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| <i>Earnings per share for loss from continuing operations</i>                             |                     |                    |
| Loss after income tax attributable to the owners of Property Connect Holdings Limited     | <u>(620,374)</u>    | <u>(863,902)</u>   |
|   | <b>Number</b>       | <b>Number</b>      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 685,863,475         | 685,863,475        |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>685,863,475</u>  | <u>685,863,475</u> |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | (0.09)              | (0.17)             |
| Diluted earnings per share  | (0.09)              | (0.17)             |

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2019</b>         | <b>2018</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <i>Earnings per share for loss from discontinued operations</i>                       |                     |             |
| Loss after income tax attributable to the owners of Property Connect Holdings Limited | <u>-</u>            | <u>-</u>    |

**Note 17. Earnings per share (continued)**

|   |                     |                    |
|---|---------------------|--------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 685,863,475         | 685,863,475        |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>685,863,475</u>  | <u>685,863,475</u> |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | -                   | -                  |
| Diluted earnings per share  | -                   | -                  |
|   | <b>Consolidated</b> |                    |
|   | <b>2020</b>         | <b>2019</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| <i>Earnings per share for loss</i>  |                     |                    |
| Loss after income tax attributable to the owners of Property Connect Holdings Limited     | <u>(620,374)</u>    | <u>(863,902)</u>   |
|   | <b>Number</b>       | <b>Number</b>      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 685,863,475         | 685,863,475        |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>685,863,475</u>  | <u>685,863,475</u> |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | (0.09)              | (0.17)             |
| Diluted earnings per share  | (0.09)              | (0.17)             |