ASX Announcement
30 August 2019

2019 Appendix 4E and Preliminary Final Financial Report

The Directors of HotCopper Holdings Limited (ASX:HOT) (**HotCopper** or the **Company**) are pleased to provide the Appendix 4E and Preliminary Final Financial Report for the year ended 30 June 2019.

The preliminary final report has been prepared based on the 30 June 2019 accounts which are in the process of being audited by the Company auditors. The year-end audit process has not completed, specifically the treatment and potential valuation of non-cash expense items remain under review. The audited 2019 Annual Report will be reported during September 2019 and provided to ASX at the time.

Review of the 2019 financial results

The board is pleased to present the HotCopper Holdings preliminary financial results for the financial year ending 30 June 2019, a year that included significant technology infrastructure updates and expansion as well as the major step the Company has made towards progressing its strategy since listing, with the appointment of Managing Director, Jag Sanger.

HotCopper Holdings is reporting a 10% increase in cash receipts from customers for the 2019 financial year to $5,859,221 compared to the previous year (30 June 2018: $5,321,768).

Cash and cash equivalents on the Balance Sheet is $1,492,369 at year end, representing a movement down in cash of $1,518,983 from the prior year. The cash movement is largely driven by the payment of $534,925 in fully franked shareholder dividends in September 2018, payment of income tax liabilities of $864,099 during the year, including the settlement of the $650,881 income tax liability owing at 30 June 2018, and increase in financial assets, being listed shares, of $1,037,769 to a total of $1,296,389 at year end.

The Company is reporting 2019 revenues of $4,252,107 which is 14% down on the previous financial year. Shareholders should note that of customer contracts sold during the financial year $1,431,696 has not been recognised as revenue and is deferred to the Balance Sheet as a deferred revenue contract liabilities pending delivery of contracted services (30 June 2018: $716,363). Further information about the Company revenue recognition policy and application of AASB 15 is located in Note 2(b) and Note 2.3(i) to the Annual Report.

HotCopper Holdings is reporting a preliminary after-tax profit for the year of $264,625. After payment of the $534,925 fully franked dividend to shareholders, retained earnings reduces by the net $270,300 to the $1,641,075 reported in the Balance Sheet as at 30 June 2019.

Additional information supporting the Appendix 4E disclosure can be found in the Preliminary Financial Report and accompanying notes.

ASX Announcement
30 August 2019

Appendix 4E: Preliminary Financial Report for the year ended 30 June 2109 as required by ASX listing rule 4.3A

Results for announcement to the market (all comparisons to the year ended 30 June 2018)	Movement	30 June 2019	30 June 2018
Preliminary Earnings			
Cash receipts from customers	Up 10%	5,859,221	5,321,768
Revenue from ordinary activities	Down 14%	4,252,107	4,917,647
Unearned Revenue	Up 100%	1,431,969	716,363
Profit before income tax	Down 75%	395,236	1,553,924
Profit for the year attributable to ordinary equity holders	Down 78%	264,625	1,177,938
Appendix 4E Net tangible asset per share			
Financial Assets	Up 401%	1,296,389	258,620
Cash and cash equivalents	Down 50%	1,492,369	3,011,352
Net tangible assets	Down 9%	3,042,080	3,354,538
Fully paid ordinary shares on issue at Balance Date	-	106,985,001	106,985,001
Net tangible asset backing per issued ordinary share (cents)	Down 9%	2.84	3.14
Preliminary Earnings per share (EPS)			
Basic earnings per share (cents)	Down 77%	0.25	1.10

Dividends

The Company has previously paid a fully franked dividend of 0.5 cents per share for the half year ending 31 December 2017, paid 23 March 2018 and a fully franked dividend of 0.5 cents per share for the full year ending 30 June 2018, paid 28 September 2018.

As the Company continues to progress it's strategy it will invest operating cashflows into strategic growth, and the board has elected not to declare a dividend in relation to the 2019 financial year.

It is the intention of the board to profitably grow and expand the business, and to ensure shareholders benefit from that growth and expansion through capital growth in valuation of the HotCopper Holdings share price, and availability of returns for distribution. To this end, the board will continue to update shareholders on its strategic progress and look forward to welcoming those of you who can join us at the 2019 Annual General Meeting, details of which will shortly be announced.

ASX Announcement
30 August 2019

For further information, please contact:
Adam Webb Ware
Company Secretary
HotCopper Holdings Ltd
investors@hotcopper.com.au
+61 8 6169 3112

About HotCopper Holdings Ltd

HotCopper Holdings Limited operates www.hotcopper.com.au – Australia's #1 internet discussion forum for ASX-listed companies and stock market analysis.

HotCopper derives revenue from commercial and corporate advertising, as well as investor relations services to listed entities. HotCopper is developing a range of new website enhancements and investor services to enhance the HotCopper user experience and create value for shareholders through new revenue streams

HotCopper HOLDINGS LTD

and its controlled entities

ACN 611 717 036

Preliminary final financial report for the year ended 30 June 2019

HOTCOPPER HOLDINGS LIMITED
ABN 95 611 717 036

Corporate Directory

Directors

Jag Sanger
Alec Christopher Pismiris
Gavin John Argyle
Colin Edward Chenu

Company Secretary

Adam Webb Ware

Registered and Principal Office

Level 11, BGC Centre
28 The Esplanade,
Perth
WA 6000

Bankers

Westpac Banking Corporation
109 St Georges Terrace,
Perth
WA 6000

Solicitors

Clayton Utz Lawyers
Level 27, QV1 Building,
250 St Georges Terrace,
Perth
WA 6000

Auditor

Ernst & Young
11 Mounts Bay Road,
Perth
WA 6000

HOTCOPPER HOLDINGS LIMITED

ABN 95 611 717 036

The directors submit their report for preliminary final financial report of HotCopper Holdings Limited ("HotCopper Holdings" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are set out below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualification, experience and special responsibilities

Mr Jag Sanger (Appointed Managing Director on 15 November 2018)

Mr Sanger brings over 25 years of global media, publishing and digital financial services experience and leadership to the Company. Mr Sanger recently worked as Chief Marketing and Strategy Officer for Automotive Holdings Group Limited ("AHG"), a diversified automotive retailing, financial services and logistics group. Mr Sanger held executive roles in Australia with Fairfax Media as GM Strategy and M&A, and similar roles with NTL/Virgin Media and Vivendi Media in Europe. Mr Sanger's Australian advisory experience includes roles with PricewaterhouseCoopers as a Principal in their national digital practice with responsibility for digital media, payments and wealth management strategy, and with McKinsey & Co, serving technology, media and communications clients and financial sponsors across Europe and North America. Mr Sanger holds a Marketing Masters (MA) from Kingston University Business School in London, UK, with a research focus on online media tracking, and is a Fellow of the Sulzberger news media program at the Columbia University Graduate School of Journalism in New York, USA

Other current directorships: none

Former directorships (last 3 years): none

Mr Alec Christopher Pismiris (Chairman)

Mr Pismiris is currently a director and company secretary for several ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris is a director of Pacton Gold Inc., a company listed on the TSX Venture Exchange, where he is engaged as Interim President and Chief Executive Officer. Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, is a member of the Australian Institute of Company Directors and a Fellow of The Governance Institute of Australia. Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities.

Other current directorships: Agrimin Limited, Frontier Resources Limited, Pacton Gold Inc., Pelican Resources Limited and Victory Mines Limited

Former directorships (last 3 years): Aguia Resources Limited and Impression Healthcare Limited.

Mr Gavin John Argyle

Mr Argyle is an experienced senior executive who has worked in Australian capital markets for more than 25 years. In 2006, Mr Argyle co-founded Capital Investment Partners (CIP), a successful Perth-based investment bank providing capital raising and corporate advisory services to small and mid-capitalised ASX-listed companies. He has been managing director of CIP since 2008.

Mr Argyle holds a Bachelor of Commerce from the University of Western Australia and an MBA from the Wharton School at the University of Pennsylvania.

Other current directorships: none

Former directorships (last 3 years): none

Mr Colin Edward Chenu

Mr Chenu is a graduate of the University of Western Australia, with a Bachelor of Law, and is admitted to practice in the Supreme Court of Western Australia and the High Court of Australia. He has practised law in Western Australia for more than 30 years as a barrister and solicitor, in a wide range of commercial litigious and non litigious work. Mr Chenu has gained extensive experience in the law of corporations, trade practices, contracts, equity and trusts, and defamation.

Other current directorships: Pelican Resources Limited

Former directorships (last 3 years): none

Company Secretary

Chief Operating Officer and Company Secretary

Mr Adam Webb Ware

Mr Webb Ware has over 20 years' industry experience in corporate finance and financial services across Australia, USA and UK markets. Prior to working in the investment and commercial banking sector, Mr Webb Ware spent several years with the information and technology company, IMS Health (now IQVIA) holding responsibilities for investments and product development as well as finance and internal controls.

Mr Webb Ware is a Chartered Accountant, Chartered Secretary and holds a Bachelor of Commerce from the University of Western Australia and holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of ordinary shares	**Number of options**
J. Sanger	-	2,000,000
A. Pismiris	350,000	1,000,000
G. Argyle	5,600,000	-
C. Chenu	150,000	1,000,000

Principal activities

HotCopper Holdings Limited operates HotCopper, Australia's number one stock market internet discussion forum. HotCopper is the largest internet discussion forum in relation to the Australian stock market and has become a popular source of research and discussion for a wide range of investors. In addition, HotCopper is an investor relations tool for ASX-listed companies seeking access to HotCopper's substantial user base of retail and sophisticated investors and self-managed superannuation funds.

HotCopper Holdings currently generates revenue from commercial and corporate advertising.

No significant change in the nature of these activities occurred during the year.

Operating and financial review

The board is pleased to present the HotCopper Holdings preliminary financial report for the financial year ending 30 June 2019, a year that included significant technology infrastructure updates and expansion as well as the major step the Company has made towards progressing its strategy since listing, with the appointment of Managing Director, Jag Sanger.

The preliminary final report has been prepared based on the 30 June 2019 accounts which are in the process of being audited by the Company auditors, Ernst & Young. The year-end audit process has not completed, specifically the treatment and potential valuation of non-cash expense items remain under review. The audited 2019 Annual Report will be reported during September 2019 and provided to ASX at the time.

HotCopper Holdings is reporting a 10% increase in cash receipts from customers for the 2019 financial year to $5,859,221 compared to the previous year (30 June 2018: $5,321,768). Cash and cash equivalents on the Balance Sheet is $1,492,369 at year end, representing a movement down in cash of $1,518,983 from the prior year. The cash movement is largely driven by the payment of $534,925 in fully franked shareholder dividends in September 2018, increase in financial assets, being listed shares, of $1,037,769 to a total of $1,296,389 at year end, and payment of income tax liabilities of $864,099 during the year, including the settlement of the $650,881 2018 income tax liability owing at 30 June 2018.

HotCopper Holdings is reporting a preliminary after-tax profit for the year of $264,625. After payment of the $534,925 fully franked dividend to shareholders, retained earnings reduces by the net $270,300 to the $1,641,075 reported in the Balance Sheet as at 30 June 2019.

Shareholders can find further information on the preliminary financial results in the "2019 Financial Results" discussion section of this Directors Report.

Over the past 6 months the Company has focused on defining its strategy, its operations and its pathway to future growth.

At the 2018 Annual General Meeting of Shareholders, held 30th November 2018, the board outlined the HotCopper company strategy, formulated around three core goals set out in Figure 1 below.

The Company has many operational initiatives underway to defend its position and tell its story. The key metrics for this are Audience, where HotCopper retains its leading Nielsen audited position, and Advocacy, where the HotCopper team has attended many industry and opinion maker events. Both these initiatives will continue and are key to long term success. Examples of these initiatives are the launch of an updated website design. The relaunched site enhances both the look and function of the site as well as migrating from legacy development infrastructure to a fully integrated and efficient development platform.

However future growth will come from growing our offer. Developing new products, services and revenue streams is important. Developing the right strategy for this has a been a key focus for the past year.

HotCopper Holdings strategy for growth is driven by its unique position at the intersection of 3 key trends.

The first trend is the growth of self directed wealth. HotCopper's reaches an audience of hundreds of thousands of investors making their own decisions about where and what amount to invest. Many of these are SMSF (self managed super fund) investors and HotCopper plays a valuable role for investors when researching their portfolio choices. In the past year the company has invested in developing greater insights into its users and their needs.

The second trend is the unbundling of broker and investment bank research. For business model, and in some countries regulatory reasons, many listed companies do not have publicly available analyst information to guide investor choices. HotCopper fills this gap and helps investors investigate companies, develop their investment ideas and act on their research. In the past year the company has invested in understanding how its audience makes investment decisions, across many asset classes, and how HotCopper Holdings can expand and strengthen its role.

The third trend is the globalisation of business and finance media. The first phase of digital media disruption started many years ago and the key impact on print publications was losing classifieds. Since then digital-first business and finance media businesses have explored many revenue models and a playbook for success has emerged. This is an integrated platform of advisory, media, community and commerce offers. HotCopper Holdings has investigated many of these models and offers and is developing a range of responses.

The board regularly discusses and reviews a range of options, product improvements, expansions and new offering launches that may be developed internally or acquired, some of which are at an advanced state of testing and commercial assessment.

The board will keep investors informed of progress in line with ASX disclosure requirements, and looks forward to providing a strategy and business update at the time of the 2019 annual general meeting of shareholders.

2019 Preliminary Financial Results

For the financial year ending 30 June 2019, cash receipts from customers was $5,859,221 for the period, growth of 10% from the prior year (30 June 2018: $5,321,768) as customer contracts are generally paid in full at commencement.

HotCopper Holdings sold customer contracts to the value of $4,967,713, down 9% from the previous year (30 June 2018: $5,321,768). A significant portion of these contract sales relate to bundled service contracts to listed ASX companies. Typically these contracts are for a 12-month term, the revenue for which under AASB 15 is recognised in line with the timing of the delivery of each product included in the bundled package, measured at the standalone selling price, adjusted for any applicable discount. For customers paying in advance of the provision of services, a liability is presented as unearned revenue in the Consolidated Statement of Financial Position.

Of the $4,967,713 sold, $1,431,969 has been deferred to the Balance Sheet as an unearned revenue pending delivery of the service (30 June 2018: $716,363).

This timing difference between the commercial sale of the product and the delivery of the bundled services of that contract creates a difference between the sale of the commercial contract, and the recognition of related revenues, as contracted revenues are recognised at the point of individual service delivery components to the underlying contract customer during the contract period and not necessarily at the time of the contract sale.

Shareholders should refer to AASB 15 policy disclosures included in Note 2 (b) for further detail on this revenue recognition practice.

By improving both the understanding and presentation of HotCopper's value proposition to customers concerning the offering of investor relations style advertising services to ASX listed companies, the company has increased focus towards longer term, consultative style investor relations services and achieving growth in those sales.

As the Company strategy delivers growth, this difference between sales contract volumes and reported revenues will remain. Reported revenue of $4,252,107 is 14% down on the previous financial year (30 June 2018 $4,917,647), as $1,431,969 of contract revenues were deferred to the Balance Sheet as Unearned Revenue (30 June 2018: $716,363) as reduction in market activity in the fourth calendar quarter of 2018.

At 30 June 2019 cash and cash equivalents is $1,492,369, down 50% from the same time last year (30 June 2018: $3,011,352). This reduction was driven by payment of the $650,881 ATO income tax liability owed at 30 June 2018, and increase in financial assets, primarily listed equities, which grew $1,036,769 between reporting periods to $1,296,389 (2018: $258,620).

HotCopper Holdings does invest in its clients, through participation in a client capital raise as a 708 investor. The intention of these investments is to contribute towards facilitating a trusted relationship with the customer (the issuer) and HotCopper Holdings with aligned incentives whereby HotCopper Holdings will retain that investment for a certain period whilst services are being provided. These investments are not actively managed, are typically held for an agreed term, and the operational support given to investee companies is the same as non-investee companies.

Shareholders can find further information on these investments in Notes 10 and 22 of these financial accounts, including a breakdown of investments by industry sector.

Growth in total expenses before tax is 16% to a total of $3,937,521 (30 June 2018: $3,395,988). This growth in costs relates primarily to sales commissions on sales growth, marketing and promotional spend, and staff costs on increased staff headcount as the Company invests in strategy implementation to support customer offering expansion and audience engagement.

HotCopper Holdings is reporting preliminary profit before income tax of $395,236 for the for the financial year, (30 June 2018: $1,553,924) and preliminary profit after tax attributable to members of the company of $264,625 (30 June 2018: $1,177,938).

Dividend

The Company has previously paid a fully franked dividend to the value of $534,925 at 0.5 cents per share for the half year ending 31 December 2017, paid 23 March 2018 and a fully franked dividend of $523,925 at 0.5 cents per share for the full year ending 30 June 2018, paid 28 September 2018.

As mentioned in the discussion of company strategy, the board is focussed on evolving HotCopper on a number of fronts, including breadth of offer, defending of our market leader position and advocacy of what HotCopper is and the role it plays in the financial market. Parts of this strategy reflect through the financial results, most noticeably in the deferral of longer-term customer contracts onto the Balance Sheet, growth in investments, and expansion of offerings with managed increase in the Company expense profile.

As the Company continues to progress it's strategy it will invest operating cashflows into strategic growth, and the board has elected not to declare a dividend in relation to the 2019 financial year.

It is the intention of the board to profitably grow and expand the business, and to ensure shareholders benefit from that growth and expansion through capital growth in valuation of the HotCopper Holdings share price, and availability of returns for distribution. To this end, the board will continue to update shareholders on its strategic progress and look forward to welcoming those of you who can join us at the 2019 Annual General Meeting, details of which will shortly be announced.

Significant changes in the state of affairs

There have been no other significant changes in the Group's state of affairs during the course of the year ended 30 June 2019.

Review of financial condition

The Company is well capitalised, with cash and cash equivalents of $1,492,369 at 30 June 2019. Cash receipts from customers increased 9% for the financial year to $5,859,221 (30 June 2018: $5,321,768). As 30 June 2019 current assets exceed current liabilities by $943,966 and HotCopper Holdings does not maintain drawn loan or debt facilities as operations and investments continue to be funded from operational cashflow.

Significant events after the balance date

No matters or circumstances have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- the Company's operations in future financial years; or
- the results of those operations in future financial years; or
- the Company's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental regulation

The Group is not subject to any particular or specific environmental regulation in any of the jurisdictions in which it operates and therefore is not required to present further details in relation to environmental regulation.

Options

As at the date of this report, and at balance date 30 June 2019, there are 8,650,000 unissued ordinary shares under options. Refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel (KMP).

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification and insurance of directors

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of HotCopper Holdings Limited against legal costs incurred in defending conduct other than:

a) a wilful breach of duty, and
b) a contravention of section 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums and stamp duties paid for Directors & Officers Insurance for the 2019 financial year was $24,700.

Indemnification of auditors

To the extent permitted by lay, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended, including by phone or video, by each director were as follows:

	Held	Attended
J. Sanger	6	6
A. Pismiris	13	13
G. Argyle	13	13
C. Chenu	13	12

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services for the 2019 financial year:

	$
Tax Advisory	25,332
	25,332

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
Revenue from contracts with customers (*)	4	4,252,107	4,917,647
Other income	5	80,650	32,265
Expenses			
Employee and director benefits expense	6(a)	(1,594,079)	(1,337,123)
Share based payments expense		(73,055)	-
Commission paid		(363,816)	(290,829)
Depreciation and amortisation		(162,341)	(161,552)
Other expenses	6(b)	(1,744,230)	(1,606,484)
Profit before income tax		395,236	1,553,924
Income tax expense	7(b)	(130,611)	(375,986)
Profit for the year attributable to the members of the Company		264,625	1,177,938
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Net loss on equity instruments designated at fair value through other comprehensive income, net of tax		(229,981)	-
Amounts that may be subsequently reclassified to profit and loss (net of tax):			
Fair value loss on available-for-sale financial assets		-	(44,481)
Oher comprehensive loss		(229,981)	(44,481)
Total comprehensive income for the year attributable to the members of the Company, net of tax		34,644	1,133,457
Earnings per share attributable to members			
Basic earnings per share (cent)	18	0.25	1.10
Diluted earnings per share (cents)	18	0.25	1.10

* The Group has applied AASB 15 using the modified retrospective approach (see Note 2). Under this method, comparative information has not been restated for adoption of AASB 15.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018(*)
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,492,369	3,011,352
Trade and other receivables	9	981,680	1,228,859
Other current assets	11	210,435	24,968
Current tax assets		81,379	-
TOTAL CURRENT ASSETS		2,765,862	4,265,179
NON-CURRENT ASSETS			
Plant and equipment	12	158,907	51,940
Intangibles	13	356,466	471,234
Financial assets	10	1,296,389	258,620
Deferred tax asset	7	522,190	433,726
Other assets	11	120,627	49,297
TOTAL NON-CURRENT ASSETS		2,454,579	1,264,817
TOTAL ASSETS		5,220,441	5,529,996
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	332,395	304,740
Provisions	15	57,532	32,240
Unearned revenue	16	1,431,969	716,363
Current tax liabilities		-	650,881
TOTAL CURRENT LIABILITIES		1,821,896	1,704,224
TOTAL LIABILITIES		1,821,896	1,704,224
NET ASSETS		3,398,546	3,825,772
EQUITY			
Issued capital	17	11,641,211	11,641,211
Reserves		(9,883,740)	(9,726,814)
Retained earnings		1,641,075	1,911,375
TOTAL EQUITY		3,398,546	3,825,772

* The Group has applied AASB 15 using the modified retrospective approach (see Note 2). Under this method, comparative information has not been restated for adoption of AASB 15.

HOTCOPPER HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital	Distribution reserve	Share based payments reserve	Fair value reserve of financial assets at FVOCI*	Retained earnings	Total
		$	$	$	$	$	$
Balance at 1 July 2018		**11,641,211**	**(10,184,223)**	**501,890**	**(44,481)**	**1,911,375**	**3,825,772**
Profit for the year		-	-	-	-	264,625	264,625
Other comprehensive income		-	-	-	(229,981)	-	(229,981)
Total comprehensive income for the year		-	-	-	(229,981)	264,625	34,644
Dividend paid	19	-	-	-	-	(534,925)	(534,925)
Share based payments		-	-	73,055	-	-	73,055
Balance at 30 June 2019		11,641,211	(10,184,223)	574,945	(274,462)	1,641,075	3,398,546
Balance at 1 July 2017		**11,641,211**	**(10,184,223)**	**501,890**	**-**	**1,268,362**	**3,227,240**
Profit for the year		-	-	-	-	1,177,938	1,177,938
Other comprehensive income		-	-	-	(44,481)	-	(44,481)
Total comprehensive income for the year		-	-	-	(44,481)	1,177,938	1,133,457
Dividend paid		-	-	-	-	(534,925)	(534,925)
Balance at 30 June 2018		**11,641,211**	**(10,184,223)**	**501,890**	**(44,481)**	**1,911,375**	**3,825,772**

* In the prior period the fair value reserve of financial assets at FVOCI was called the available for sale reserve. Upon the adoption of AASB 9, the classification has changed to FVOCI. Refer to details at Note 2 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,859,221	5,321,768
Payments to suppliers and employees		(4,031,373)	(3,728,275)
Interest received		5,019	31,766
Income tax paid		(864,099)	(214,602)
Net cash provided by operating activities	8	968,768	1,410,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to unrelated parties		(35,000)	(50,000)
Purchase of financial instruments		(1,999,937)	(419,971)
Proceeds from sale of financial instruments		306,475	45,803
Purchase of plant, equipment, and intangible assets		(154,887)	(33,134)
Payment of security deposit		(69,477)	-
Net cash used in investing activities		(1,952,826)	(457,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	19	(534,925)	(534,925)
Net cash (used in)/provided by financing activities		(534,925)	(534,925)
Net (decrease)/increase in cash held		(1,518,983)	418,430
Cash and cash equivalents at beginning of financial year		3,011,352	2,592,922
Cash and cash equivalents at end of financial year	8	1,492,369	3,011,352

1. Corporation information

This general purpose condensed financial report for the year ended 30 June 2019 has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.

HotCopper Holdings Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Group is principally engaged in the provision of a stock market internet discussion forum. The Group's principal place of business is in Perth, Western Australia, Australia. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 28. Information on other related party relationships of the Group is provided in Note 25.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accrual basis and is based on historical costs except for certain financial assets measured at fair value.

The financial report is presented in Australian dollars (AUD).

The financial information in this report does not include all the notes of the type normally included within the annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial reports. Therefore, it is recommended that this report should be read in conjunction with the annual financial reports for the year ended 30 June 2019, when it becomes available, and be considered together with any public announcements made by HotCopper Holdings Limited during the year ended 30 June 2019 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except for the adoption of new accounting standards as set out below.

(a) New or amended accounting standards adopted

The Group applied all new and amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that were relevant to its operations and effective for annual periods beginning on 1 July 2018. Adoption of these Standards and Interpretations did not have a significant impact on the financial position or performance of the Group. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 with the date of initial application being 1 July 2018. AASB 15 supersedes AASB 118 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted AASB 15 using the modified retrospective method of adoption and in doing so assessed the impact on adoption of only those contracts not completed at the date of initial application. In doing so it was determined that the adoption of AASB 15 did not have a significant impact on the Group at that date.

2. Significant accounting policies (continued)

(b) New or amended accounting standards adopted (continued)

The Group is in the business of providing advertising services which includes a range of product offerings including the Corporate Spotlight, video content production, display advertising, email communication services and other investor relation services. For standalone services adoption of AASB 15 did not have a significant impact on the timing and measurement of revenue recognition.

The Group also offers to its customers a bundled package of discrete advertising services. Prior to the adoption of AASB 15, revenue on the bundled packages was recognised equally throughout the contract term of six to twelve months. Under AASB 15, the total consideration in the contract is allocated to the distinct services in the contract based on standalone selling prices. The standalone selling prices are determined based on the list prices that the Group sells the standalone service. Revenue for distinct services is recognised in line with the timing of the delivery of each product included in the bundled package as set out above. When advertising services are sold as a bundled package, the customer receives a discount. Under AASB 15, the discount is allocated proportionately to each distinct service offering included in the package and recognised accordingly. For bundle packages the adoption of AASB 15 did not have a significant impact on the Group.

Generally, customers pay consideration in advance of the Group providing services to the customer. Under AASB 15, this contract liability is presented as deferred revenue in the Consolidated Statement of Financial position. Given the short time frame between receipt of cash and satisfaction of the performance obligations under the contract the Group has applied the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between the transfer of the promised good or service to a customer and when the customer pays for that good or service is one year or less.
Refer to Note 2.3 (i) for revenue accounting policy.

AASB 9 Financial Instruments (AASB 9)

The Group has adopted AASB 9 as issued in July 2014 retrospectively with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. There are no financial assets or liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9. The Group's investments that were classified as available-for-sale financial assets under AASB 139 have been classified as financial assets at fair value through other comprehensive income by making an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. The equity instruments are not held for trading. The change in fair value on these continues to be accumulated in the investment revaluation reserve. Refer to Note 2.3 (o) for financial assets accounting policy.

(b) New or amended accounting standards adopted (continued)

(a) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI" criterion).

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The Group has determined the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	**Original measurement category under AASB 139 (prior to 1 July 2018)**	**New measurement category under AASB 9 (from 1 July 2018)**
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Loan to unrelated party	Loans and receivables	Financial assets at amortised cost
Security deposits	Loans and receivables	Financial assets at amortised cost
Equity investments	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income
Trade and other payables	Financial liability at amortised cost	Financial liabilities at amortised cost

The change in classification of financial instruments has not resulted in any re-measurement adjustments at 1 July 2018. On adoption of AASB 9 the available for sale reserve amounting to $44,481 has been reclassified to fair value reserve for financial assets carried at FVOCI.

2. Significant accounting policies (continued)

(b) New or amended accounting standards adopted (continued)

(b) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking 'expected credit loss' ('ECL') approach.

AASB 9 requires the Group to record an allowance for ECL's for all loans and other debt financial assets not held at FVPL. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. The result of the assessment is as follows:

Financial assets existing as at 1 July 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 July 2018
Cash and cash equivalents and deposits	All bank balances are assessed to have low credit risk as they are either on demand or have short term maturities and are held with a reputable financial institution with a Moody's Credit Rating of AA2	-
Security Deposit	The security is assessed to have low credit risk as they are held with a reputable financial institution.	-
Receivables at amortised cost	The Group applied the simplified approach for trade receivables, and concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required at 1 July 2018.	-
Loan to unrelated party	The loan with the unrelated party was assessed and no additional loss allowances were required as at 1 July 2018 as the amount had been provided for in full.	-

(c) Hedge accounting

The Group has not applied hedge accounting.

2. Significant accounting policies (continued)

2.2 Basis of consolidation and accounting policies applied

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(a) Foreign currency translation

Functional and presentation currency

The functional currency of each entity in the Group is determined with reference to the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Australian dollars, which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

	Method	Depreciation rate
Plant and equipment	Reducing Balance	7%-50%
Leasehold improvements	Reducing Balance	33%

2. Summary of significant accounting policies (continued)

(b) Plant and equipment(continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss

(c) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less costs of disposal) and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less; that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and other receivables

Policy applied from 1 July 2018

The Group classifies receivables as financial assets at amortised cost if both of the following conditions are met: -

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Trade receivables that do not contain significant financing component are initially recognised at the transaction price determined under the revenue policy. Other receivables are initially measured at fair value less transaction costs.

Receivables at amortised cost are subsequently measured using the effective interest (EIR) method, less an allowance for expected credit losses. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The Group considered a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in fill before taking into account any credit enhancement held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flow.

2. Summary of significant accounting policies (continued)

(e) Trade and other receivables

<u>Policy applied prior to 1 July 2018</u>

Trade receivables and other receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance account for impairment.

An allowance account (provision for impairment of trade receivables) was used when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) were considered indicators that the trade receivable was impaired. The amount of the impairment allowance was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables were not discounted if the effect of discounting is immaterial.

The amount of the impairment loss was recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised became uncollectible in a subsequent period, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were recognised in profit or loss.

(f) Intangible assets - software development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

(a) the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
(b) its intention to complete and its ability and intention to use or sell the asset;
(c) how the asset will generate future economic benefits;
(d) the availability of resources to complete the asset; and
(e) the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of website development cost is based on a straight-line method over a 3-10 year period and matched to the future economic benefits over the useful life of the project. The amortisation period and amortisation method of intangible assets are reviewed at least at each balance date.

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

(h) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(i) Revenue from contracts with customers

Policy applied from 1 July 2018

The Group is in the business of providing advertising services which includes a range of product offerings including the corporate spotlight, video content production, display advertising, email communication services. and other investor relations services. The total fixed consideration in the contract is allocated to the distinct services in the contract based on the list prices that the Group sells the services to customers on a standalone basis.

Revenue recognised over the service period to which the obligation is satisfied include:

- Corporate spotlight offers a dedicated space above a company's HotCopper sub-forum to display company information, videos and publications. Revenue is derived by providing these services over a contracted period. Consideration is recorded as deferred when it is received which is at the time of sale and revenue is recognised over time as the customer receives and consumes the benefits of the services over the contract period. The measurement of progress in satisfying the performance obligation is based on the passage of time (i.e. on a straight-line basis).

- Investor relations services is an investor engagement offering sold as a monthly subscription-based service in the form of consulting services. Revenue is derived by providing these services over a contracted period. Consideration is recorded as deferred when it is received which is at the time of sale and revenue is recognised over time as the services are provided. The Group has an enforceable right to payment for performance completed to date and there is no alternative use for the asset.

- Video content production is to deliver an effective video for customers at any point in time over the contract period. Revenue is derived by providing this service over a contracted period. Consideration is recorded as deferred when it is received which is at the time of sale and revenue is recognised over time as the services are provided.

- Banner advertising is a standard sized website advertisement for a fixed price recognised over time as specified by the customer

Revenue recognised the point of service delivery include:

- Email communication services is a company-sponsored email out to a database of verified opt-in email recipients.
- Sponsored article provides customers with a trained, experienced editorial comment on their company and the relevant news and proposition they are bringing to the market.

Consideration is recorded as deferred when it is received, and revenue is recognised at the point in time, when the performance occurs. The amount of revenue recognised is based on the amount of the transaction price allocated to this performance obligation.

2. Summary of significant accounting policies (continued)

Bundle advertising services

The Group also offers to its customers a bundled service package. The total fixed consideration in the contract is allocated to each performance obligation based on standalone selling prices of each distinct service. The standalone selling prices are determined based on the list prices that the Group sells the standalone service. Revenue for distinct services is recognised in line with the timing of the delivery of each product included in the bundled package as set out above. When services are sold as a bundled package, the customer receives a discount. This discount is allocated proportionately to each distinct service offering included in the package.

Contract liabilities

Contract liabilities are recognised as revenue when the Group performs under the contract. Given the short time frame between receipt of cash and satisfaction of the performance obligations under the contract the Group has applied the practical expedient to not adjust the promised consideration for the effects of a significant financing component as the period between the transfer of the promised good or service to a customer and when the customer pays for that good or service is one year or less.

Costs to obtain a contract

The Group pays commissions on sales. The Group has elected to apply the practical expedient for the incremental costs to obtain a contract which allows the Group to immediately expense sale commission because the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

Policy applied prior to 1 July 2018

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and the specific criteria have been met for each of the Company's activities as described below:

Advertising income

Revenue from advertising services is recognised when the services have been performed and the fair value of the consideration for the services provided can be reliably measured.

- Revenue from the provision of advertising on websites is recognised on a page impression basis and is calculated on the number of page impressions that occur over a period.

Revenue from corporate advertisement is recognised upon delivery of services over the length of the contract.

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2. Summary of significant accounting policies (continued)

(k) Trade and other payables

These amounts represent liabilities for goods or services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
The Group records its best estimate of these items based upon the latest information available and management's interpretation of enacted tax laws. Whilst the Group believes it has adequately provided for the outcome of these matters based on the most probable outcome, future results may include favourable or unfavourable adjustments as assessments are made, or resolved.

Deferred tax

Deferred tax is provided using the full liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (continued)

(n) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured using the projected unit credit valuation method up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(o) Equity Investments

Policy before 1 July 2018

Available for sale (“AFS”) financial assets

AFS financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. AFS financial assets were recognised initially at fair value plus transaction costs. Unrealised gains and losses arising from changes in the fair value of these assets were recognised in equity in the period in which they arose.

The Company assessed at each reporting date whether there was objective evidence that an investment or a group of investments was impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ was evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost.

When there was evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – was removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments were not reversed through profit or loss; increases in their fair value after impairment were recognised in other comprehensive income.

2. Summary of significant accounting policies (continued)

(o) Equity Investments (continued)
Policy from 1 July 2018

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instrument)

Upon initial recognition, the Group elected to classify irrevocably its equity investments as equity instruments designated at fair value through OCI. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature and contribute towards facilitating a trusted relationship with the customer.

(p) Financial liabilities

Financial liabilities are classified, at initial recognition, as payables. All financial liabilities are recognised initially at fair value. The Group's financial liabilities include trade and other payables. They are subsequently measured at amortise cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(q) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount of financial assets and financial liabilities approximate their fair values. For financial instruments carried at fair value, the Company uses various methods in estimating fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in an active market.
Level 2 – the fair value is estimated using inputs other than quoted prices included in the Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at balance date.

2. Summary of significant accounting policies (continued)

(s) Share-based payments

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Binomial valuation model.

In valuing equity settled transactions no account is taken of any performance conditions, other than conditions linked to the value of the shares of HotCopper Holdings Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 18).

(t) Earnings per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

2. Summary of significant accounting policies (continued)

(t) Earnings per share (continued)

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Significant accounting judgements estimates and assumptions

The directors made estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates

The significant estimates and assumptions made have been described below

Key judgements

Revenue from contracts with customers

Allocation of the transaction price to multiple performance obligations – the transaction price is allocated to performance obligations based on a relative standard alone selling price basis using the standard list price for individual services.

Key estimates

Impairment of non-financial assets

The Group assess at each reporting date whether there are any indications that an asset or CGU may be impaired. Indicators that were considered but not limited to are such as whether there have been significant changes with an adverse effect on the entity have occurred during the year or will occur in subsequent years in the technological, market economic or legal environment in which the entity operates. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Variations to expected future cash flows, and timing thereof, could result in significant changes in the recoverable amount, which in turn could impact future financial results.

2. Summary of significant accounting policies (continued)

(u) Significant accounting judgements estimates and assumptions (continued)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. The most relevant category applicable to the Group is the trade receivables where the ECL calculation is calculated based on the lifetime ECL using a provision matrix, grouped based on days overdue. The ECL assumptions include historical observed default rates and has incorporated forward looking assumptions. Further details of the accounting policy on ECLs of the Group's trade receivables is disclosed in note 9.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using the relevant valuation technique. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Note 3: Segment information

For management purposes the Group is organised into one operating segment, which involves the operation of the HotCopper website. All significant operating decisions are based upon analysis of the Group as one segment. The financial results of this segment are equivalent to the financial statements of the Group as a whole.

	Consolidated	
	2019	**2018***
	$	**$**
Geographical markets:		
Australia customers	3,433,621	3,676,294
Overseas customers	818,486	1,241,353
Total revenue from contracts with customers	4,252,107	4,917,647

All non-current assets are in Australia.
* The Group has applied AASB 15 using the modified retrospective approach (see Note 2). Under this method, comparative information has not been restated for adoption of AASB 15.

Note 4: Revenue

	Consolidated	
	2019	**2018***
	$	**$**
Revenue from contracts with customers		
Advertising services		4,917,647
Advertising services – Revenue recognised overtime	1,409,265	-
Advertising services – Revenue recognised at a point in time	2,842,842	-
Total revenue from contracts with customers	4,252,107	4,917,647

* The Group has applied AASB 15 using the modified retrospective approach (see Note 2). Under this method, comparative information has not been restated for adoption of AASB 15.

Note 5: Other income

	Consolidated	
	2019	**2018**
	$	**$**
Other income	1,437	499
Finance income	5,947	31,766
Reversal of loan impairment	50,000	-
Fair value gain on financial instrument	23,266	-
	80,650	32,265

Note 6: Expense items

This note provides a breakdown of material expense items shown in the statement of profit or loss and other comprehensive income.

	Consolidated	
	2019	**2018**
	$	**$**
(a) **Employee and director benefits expense**		
Wages and salaries	1,225,250	970,512
Superannuation and social benefits	120,952	110,044
Director fees	132,000	132,000
Other employee expenses	115,877	124,567
	1,594,079	1,337,123

Note 6: Expense items (continued)

	Consolidated	
	2019	2018
	$	$
(b) **Other expenses**		
Consultancy costs	254,053	248,327
Site monitoring and hosting	165,674	165,106
Impairment of loan	-	50,000
Marketing and advertising	127,708	128,076
Operating lease rentals	101,127	78,919
Loss on sale of shares	-	17,285
Accounting, audit, and tax fees	94,130	134,158
Increase in provision for expected credit loss	54,917	-
Increase in provision for bad debts	-	74,148
Foreign exchange losses	13,413	19,865
Legal fees	95,692	118,209
Other	837,516	572,391
	1,744,230	1,606,484

Note 7: Income tax expense

	Consolidated	
	2019 **$**	**2018** **$**
a. Major components of income tax expense are:		
Consolidated profit or loss		
Current tax:		
Current income tax charge	280,003	694,282
Adjustments in respect of current income tax of previous years	(66,333)	(84,259)
Deferred tax:		
Relating to origination and reversal of temporary differences in the current period	(147,160)	(234,037)
Adjustments in the current period for temporary differences of prior years	64,101	-
	130,611	375,986
Consolidated statement of other comprehensive income		
Current tax charge related to items recognised in OCI during the year:		
Realised loss on FVOCI financial assets	(81,831)	-
Deferred tax related to items recognised in OCI during the year:		
Change in fair value losses on FVOCI financial assets	(5,405)	-
Change in fair value losses on AFS financial assets	-	16,872
	(87,236)	16,872

b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2019 $	2018 $
Accounting profit before income tax	395,236	1,553,924
Income tax expense at the statutory income tax rate of 27.5% (2018: 27.5%)	108,690	427,329
Adjusted tax effect for:		
Adjustments in respect of current income tax of previous years	(2,232)	(84,259)
Non-deductible expenses	24,160	32,439
Non-assessable amounts	(7)	477
Other	-	-
	130,611	375,986

Note 7: Income tax expense (continued)

	Consolidated	
	2019 **$**	**2018** **$**
c. Deferred tax		
Deferred tax relates to the following:		
The balance comprises temporary differences attributable to:		
Provision for employee benefits	15,821	8,866
Provision for doubtful debts	18,127	3,025
Unearned revenue	436,322	209,500
Investments	15,877	16,872
Property, plant and equipment	(5,098)	64,925
Prepayments	(48,245)	(692)
Accruals	25,537	35,459
Section 40-880 costs	63,849	95,771
Net deferred tax asset/(liability)	522,190	433,726
Movements for the year recognised in profit and loss:		
Opening balance at 1 July	433,726	99,033
Tax benefit/(expense) during the period recognised in profit or loss	147,160	234,037
Adjustments to deferred tax of prior periods	(64,101)	100,656
Tax benefit/(expense) during the period recognised in equity	5,405	-
Net deferred tax asset/(liability)	522,190	433,726

d. Unrecognised temporary differences

At 30 June 2019, there were no unrecognised temporary differences (30 June 2018: Nil).

Note 7: Income tax expense (continued)

Tax consolidation legislation

HotCopper Holdings Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 12 September 2016.

HotCopper Holdings Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The Group has applied the separate taxpayer within a group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, HotCopper Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding amount for each Member shall be determined as the Member’s appropriate share of the Group liabilities and/or Group assets recognised for the period in accordance with the ‘separate taxpayer with a group’ approach, adjusting appropriately for transactions between Members.

Note 8: Cash and cash equivalents

	Consolidated	
	2019	**2018**
	$	**$**
Cash at bank and on hand	1,492,369	3,011,352

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the amounts above at 30 June 2019. The carrying value of the cash and cash equivalents approximates fair value.

The consolidated entity's exposure to credit risk for financial assets and liabilities is disclosed in note 21.

Note 8: Cash and cash equivalents (continued)

Reconciliation from the profit after tax to the net cash flows from operations

	Consolidated	
	2019	**2018**
	$	**$**
Net profit after tax	264,625	1,177,938
Adjusted for non-cash items:		
Depreciation	162,341	161,552
Share based payments expense	73,055	-
Expected credit losses/ doubtful debts provision	54,917	11,000
(Reversal) / impairment of loan	(50,000)	50,000
Net loss on disposal of financial assets	-	17,285
Loss on disposal of plant and equipment	-	5,500
Working capital adjustments:		
Movement in trade and other receivables	62,135	(549,703)
Movement in other current assets	185,467	(9,303)
Movement in trade and other payables	27,655	(122,288)
Movement in unearned income	715,605	517,363
Movement in income taxes payable	(640,787)	496,077
Movement in deferred taxes payable	88,464	(334,692)
Movement in provisions	25,291	(10,072)
Net cash flows from operating activities	968,768	1,410,657

Note 9: Trade and other receivables

	Consolidated 2019	2018
	$	$
Trade receivables at amortised cost	394,346	1,102,978
Impairment allowance account	(65,917)	(11,000)
Other receivables	653,251	136,881
	981,680	1,228,859

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and are non-interest bearing. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of trade receivables is reviewed on an ongoing basis. The Group's impairment and other accounting policies for trade receivables are outlined in Note 2.3(e). The significant change in the balance of the expected credit loss for 2019 is as a result of the increase in debtors outstanding for longer than 270 days.

The other receivables balance includes subscription monies held in trust pending the allotment of shares. The probability of default associated with these advances is minimal.

A credit loss arises when the Group doesn't expect an amount to be paid in full by considering the due date, amount, and recent sales experience.

Set out below is the movement in the impairment allowance account for trade receivables:

Date	2019	2018
	$	$
Opening Balance	11,000	12,130
Increase in provision	65,917	11,000
Reversals	(11,000)	(12,130)
Closing Balance	**65,917**	**11,000**

As at 30 June, the ageing analysis of trade receivables, net of impairment loss is as follows:

	Total	Current	< 30	31–60	61–90	90-180	180-270	>270
	$	$	$	$	$	$		
30 June 2019								
Expected credit loss rate		0.01%	0.01%	0.01%	0.02%	0.03%	30%	100%
Gross trade receivables	**394,346**	105,096	79,467	53,860	3,580	20,726	93,200	38,417
Expected credit loss	**66,408**	11	8	5	1	6	27,960	38,417
Other adjustments	**(491)**							
Impairment allowance	**65,917**							

Note 9: Trade and other receivables (continued)

			Past Due but Not Impaired			
			Days Overdue			
	Total	Current	< 30	31–60	61–90	> 90
	$	$	$	$	$	$
30 June 2018	1,102,978	829,263	201,258	1,100	6,600	64,757

*The Group has applied AASB 9 using the modified retrospective approach (see Note 2). Under this method, comparative information has not been restated for adoption of AASB 9.

Note 10: Financial assets

	Consolidated	
	2019	2018
	$	$
NON-CURRENT		
Available for sale - Quoted shares	-	258,620
Fair value through profit and loss - options	23,265	-
Fair value through OCI – listed shares	1,273,124	-
	1,296,389	258,620

The Group currently holds 31 individual ASX investments all with fair values less than $150,000. The fair value of the investments disposed of amounted to $537,118 and a realised post-tax net loss on disposal of financial assets is $215,737 for the financial year ended 30 June 2019. These investments were disposed of during the year in line with the Group's investment strategy where the customer relationship has come to an end.

Note 11: Other assets

	Consolidated	
	2019	2018
	$	$
CURRENT		
Prepayments	175,435	24,968
Loan to unrelated party*	35,000	50,000
Less: impairment allowance account	-	(50,000)
	210,435	24,968
NON-CURRENT		
Security deposit*	120,627	49,297
	120,627	49,297

Note 11: Other assets (continued)

*Expected credit loss on the loan is not considered significant based on the Group credit risk policy in note 2

The consolidated entity's exposure to credit risk for financial assets and liabilities is disclosed in note 21.
The carrying value of the other assets approximates fair value

Note 12: Plant and equipment

	Consolidated	
	2019	**2018**
	$	**$**
Equipment		
Gross carrying value – at cost	180,023	61,361
Accumulated depreciation	(53,038)	(31,572)
Net carrying amount at 30 June	126,985	29,789
Net carrying amount at 1 July	29,789	31,228
Additions	119,009	21,583
Disposals	(347)	(5,399)
Depreciation	(21,466)	(17,623)
Net carrying amount at 30 June	126,985	29,789
Leasehold Improvements		
Gross carrying value – at cost	49,801	32,401
Accumulated depreciation	(17,879)	(10,250)
Net carrying amount at 30 June	31,922	22,151
Net carrying amount at 1 July	22,151	-
Additions	17,400	32,401
Disposals	-	-
Depreciation	(7,629)	(10,250)
Net carrying amount at 30 June	31,922	22,151

Note 13: Intangibles

	Consolidated	
	2019	**2018**
Software development	**$**	**$**
Gross carrying value – at cost	788,277	769,799
Accumulated depreciation	(431,811)	(298,565)
Net carrying amount at 30 June	356,466	471,234

Note 13: Intangibles(continued)

	Consolidated	
	2019	2018
Software development	$	$
Net carrying amount at 1 July	471,234	417,560
Capitalised development costs	-	187,353
Additions	18,478	-
Depreciation	(133,246)	(133,679)
Net carrying amount at 30 June	356,466	471,234

Note 14: Trade and other payables

	Consolidated	
	2019	2018
	$	$
Trade payables	142,250	46,760
GST payable	16,476	26,055
Sundry payables and accrued expenses	173,669	231,925
Net carrying amount at 30 June	332,395	304,740

a) Trade and other payables are non-interest bearing and are unsecured. Balances are usually settled within 30 days of recognition.

b) The carrying amounts of trade and other payables approximate their fair values, due to their short-term nature.

Note 15: Provisions

	Consolidated	
	2019	2018
	$	$
CURRENT		
Employee benefits (a)	57,532	32,240
	57,532	32,240

(a) Employee benefits

The provision for employee benefits relates to the Group's liability for annual leave. The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Group expects the full amount of annual leave to be settled within the next 12 months.

Note 16: Unearned revenue

Unearned revenue relates to the deferred portion of term contract revenues where the contract term extends past the balance date. Revenue is released from the balance sheet and recognised in the income statement when the product or services have been delivered. The remaining performance obligations are expected to be satisfied within 1 year.

	Consolidated	
	2019	**2018**
	$	**$**
Unearned revenue	1,431,969	716,363
	1,431,969	716,363

Date		**2019**
		$
1 July 2018	Opening balance	716,363
	Advances payments received:	2,896,086
	Revenue recognised in the period from:	
	- Amounts included in the unearned revenue at the beginning of the period	(716,363)
	- Advance payments applied to current period	(1,464,117)
30 June 2019	Closing balance	1,431,969

Note 17: Issued capital

	30 June 2019 Number	**30 June 2018 Number**	**30 June 2019 $**	**30 June 2018 $**
(a) Share capital				
Ordinary shares	106,985,001	106,985,001	11,641,211	11,641,211

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movement in share capital

Date	**Details**	**No. of shares**	**$**
1 July 2017	Shares on issue	106,985,001	11,641,211
30 June 2018	**Shares on issue**	**106,985,001**	**11,641,211**
1 July 2018	Shares on issue	106,985,001	11,641,211
30 June 2019	**Shares on issue**	**106,985,001**	**11,641,211**

Note 17: Issued capital (continued)

(c) Capital risk management

For the purpose of the Group's capital management, capital includes issued capital and retained earnings attributable to the equity holders of the parent. The primary objectives of the Group when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board considers capital management initiatives that are in the best interests of the Group and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and the payment of dividends.

The Group has no external borrowings.

(d) Reserves

Share based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 20 for further details of these plans.

Distribution reserve

The reserve represents the distribution paid to shareholders of Report Card in relation to the Group reorganisation in 2016 and upon the listing of HotCopper Holdings Ltd.

Fair value reserves of financial assets at FVOCI (2018 - Available for sale reserve)

The reserve represents the unrealised gains and losses arising from changes in the fair value of these assets and are recognised in equity in the period in which they arise.

Note 18: Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares on issue during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares on issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2019	**2018**
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	106,985,000	106,985,000
Effects of dilution from share options	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	106,985,000	106,985,000
	$	**$**
Basic earnings attributable to ordinary equity holders of the Group	264,625	1,177,938

As at balance date, 8,650,000 (30 June 2018: 5,350,000) unlisted options were not included in the diluted EPS computation as they were considered anti-dilutive.

Note 19: Dividend paid or provided for

A dividend amounting to $534,925 was declared and paid during the year which is equivalent to 0.5 cents per share (30 June 2018: $534,925 at 0.5 cents per share).

Note 20: Share based payments

The following table illustrates the outstanding options granted, exercised and cancelled during the year:

	Number	Weighted average exercise price ($)
Outstanding at 1 July 2017	8,500,000	$0.25
Cancelled during the year	(3,150,000)	$0.25
Outstanding at 30 June 2018	5,350,000	$0.25
Director incentive options	1,300,000	$0.25
Managing director options	2,000,000	$0.25
Outstanding at 30 June 2019	8,650,000	$0.25
Exercisable at 30 June 2019	6,650,000	$0.25

No options were exercised during the year.

The fair value of options granted during the current year was $106,190 (2018: Nil). Holders of options do not have any voting or dividend rights in relation to the options. The weighted average fair value of options granted during the year was $48,760. (2018: Nil)

The weighted average remaining contractual life for share based payment options outstanding at 30 June 2019 was 1.70 years (2018: 2.2 years).

The options issued to directors during the year was 3,300,000 (2018: Nil). The options issued to other key management personnel during the year was Nil (2018: Nil).

The following options included in the above, had conditions attached:

Security	Number	Condition
Director incentive options	1,300,000	The options are exercisable at any time on or prior to the Expiry Date. The unlisted options are exercisable at $0.25 on or before 12th December 2021. These options are not subject to performance conditions.
Managing director options	2,000,000	Satisfaction of the financial performance hurdle in relation to the calendar year ending 31 December 2019 set out in the Managing Director employee contract. The unlisted options are exercisable at $0.25 on or behalf 8th February 2022

Note 20: Share based payments (continued)

Options were valued using the Binomial option pricing methodology model, based on the assumptions set out below:

Options	Grant/Valuation Date	Dividend yield	Expected volatility	Risk-free rate	Expected life of options	Option exercise price	Share price at grant date
Director incentive options	12-Dec-18	$0.01 per share	45%	1.94%	3 years	$0.25	$0.19
Managing director options	10-Jan-19	$0.01 per share	45%	1.94%	3 years	$0.25	$0.19

Note 21: Financial risk management

The Group's principal financial instruments comprise receivables, payables, equity investments, and cash and cash equivalents which arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, liquidity risk and credit risk. The Group's senior management is directed by the Board that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's senior management provides assurance to the Board that the Group's financial risk activities are governed by appropriate policies and procedures that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

<u>Risk exposures and responses</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group generates income from interest on surplus funds.

At balance date, the Group did not have material exposure to interest rate risk. The impact from the changes in interest rate is negligible.

Equity price risk

The Group's listed equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At balance date, the exposure to the listed equity investments represents the carrying value of the investments as disclosed in note 22. The Group determined that an overall increase/(decrease) of 5% could have an impact of approximately $63,656 increase/(decrease) on the other comprehensive income and equity attributable to the Group.

Note 21: Financial risk management

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily in relation to trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the customer's financial position, past working experience with the customer (if any) and any other applicable factors. Individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and followed up accordingly.

An impairment analysis of trade receivables is performed at each reporting date using a provision matrix to measure expected credit losses at Note 9. The expected credit loss is based on the lifetime expected credit loss, grouped based on days overdue, and assumptions made to allocate an overall expected credit loss rate. These assumptions include historical collection rates and has incorporated forward looking assumptions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8, 9 and 11. The credit risk on liquid funds and security deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group has a concentration of credit risk as all cash and cash equivalents are held with the one counterparty. The Group does not hold collateral as security.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and funding to ensure that the Group can meet its obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group holds the majority of its financial assets as trade receivables with customers who have had no payment issues in the past and hence, does not have any material liquidity risk at the reporting date.

All financial liabilities have a maturity of less than 6 months and as such, further detailed analysis has not been provided.

Note 22: Fair value measurement

HotCopper invests between $25,000 to $100,000 in the issue of ordinary shares as part of an ASX capital raising by existing clients of HotCopper who are ASX listed, or to be ASX listed. These investments are paid for in cash at the time of the application on the same price terms as other investors applying for ordinary shares in the capital raising. At 30 June 2019 HotCopper held 31 individual investments, ranging in market value based on the last market traded price at 30 June 2019 from $426 to $141,167 for each individual investment. This value range is after disposals and changes in market valuation from the time of the initial purchase.

The following table provides the fair value measurement hierarchy of the Group's assets as at 30 June 2019.

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Fair value through OCI – Quoted shares (Note 10)					
Quoted equity shares					
- Energy Sector	30 June 2019	$93,750	$93,750	-	-
- Metals & Mining Sector	30 June 2019	$752,044	$752,044	-	-
- Consumer Staple Sector	30 June 2019	$80,964	$80,964	-	-
- Consumer Discretionary Sector	30 June 2019	$66,667	$66,667	-	-
- Information Technology Sector	30 June 2019	$234,699	$234,699	-	-
- Healthcare Sector	30 June 2019	$45,000	$45,000	-	-

	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Fair value through P&L – Financial Instruments (Note 10)					
Quoted and unquoted financial instruments					
- Metals & Mining Sector	30 June 2019	$18,294	$13,194	$5,100	-
- Consumer Discretionary Sector	30 June 2019	$536	-	$536	-
- Information Technology Sector	30 June 2019	$4,436	-	$4,436	-

Level 2 fair value was derived using the Binomial option pricing model.

Note 23: Commitments and contingencies

Future minimum rentals payable under non-cancellable operating leases are as follows:

(a) Operating lease commitments – Group as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	2019	2018
	$	$
Within one year	162,069	67,236
After one year but not more than five years	650,934	71,897
More than five years	-	-
	813,003	139,133

(b) Contingent liabilities

The Group's current processes do not permit 'real time' scrutiny and moderation of postings on its website from its Members. It can be, and has been, the case that some postings contain defamatory material or material that may otherwise give rise to legal claims. In instances where this has occurred, the Group has moved as quickly as practicable to remove such material.

Nonetheless a number of legal actions have been commenced against the Group based on information posted on its website. In a majority of instances, legal claims have involved a party seeking access to information in the possession of the Group in relation to the person who has posted the material, where the intention is to proceed against the poster of material and not the Group. At the date of this report, a number of requests have been made to the Group either directly by the party impacted or by the order of the court to provide identity of postings on its website. The Group is working through these requests and in the Directors opinion that there is no material exposure to the Group arising from these various actual and pending claims.

There have been other instances, occurring less frequently, where the Group is the direct target of a legal complaint. To date, these matters have all been resolved without the commencement of formal legal proceedings against the Group.

There is a risk, however, that if in the future the Group is the direct target of a legal action, this may lead to a ruling from a court which may find that the Group has liability for material posted on its website. Were this to occur, then the Group's exposure to legal liability and potential damages would be significantly increased.

Note 24: Events after balance sheet date

No matters or circumstances have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- The Company's operations in future financial years; or
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

Note 25: Related party disclosures

The Group's main related parties are as follows:

a. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent entity, is considered key management personnel.

For details of disclosures relating to key management personnel, refer to the Remuneration Report.

b. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

c. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.
The following transactions occurred with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Legal services provided by Lawfirst Pty Ltd (t/a Bennett+Co law firm), a company of which Colin Chenu was formerly a Principal	473	8,757

d. Terms and conditions of transactions with related parties

Outstanding balances at reporting date are unsecured. There have been no guarantees provided or received for any related parties. Balances owing to related parties do not attract interest and are paid within 30 days.

e. Key management personnel compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	444,500	491,387
Post-employment benefits	15,399	33,590
Share-based payments	73,055	-
Termination benefits	-	-
	532,954	524,977

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Note 26: Auditors remuneration

	2019 $	2018 $
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial statements	53,288	51,290
– independent limited assurance report	-	-
– tax advisory	25,332	21,738
	78,620	73,028

Note 27: Parent entity information

The following information relates to the parent entity of the Group, being HotCopper Holdings Limited. The information presented has been prepared using consistent accounting policies as presented in Note 2.

	2019 $	2018 $
Statement of Financial Position		
ASSETS		
Current assets	3,159,434	3,694,479
Non-current assets	16,738,613	20,000,000
TOTAL ASSETS	19,898,047	23,694,479
LIABILITIES		
Current liabilities	93,800	768,695
Non-current liabilities	1,081,872	209,741
TOTAL LIABILITIES	1,175,672	978,436
EQUITY		
Issued capital	20,985,993	20,985,993
Reserves	554,713	501,890
Retained earnings/(accumulated loss)	(2,818,331)	1,228,160
TOTAL EQUITY	18,722,375	22,716,043

	2019 $	2018 $
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)*	(3,511,566)	2,655,334
Total comprehensive income/(loss)	(3,511,566)	2,655,334

*Loss includes impairment of investment in subsidiaries of $3,202,340.

Note 27: Parent entity information (continued)

Guarantees

HotCopper Holdings Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2019, HotCopper Holdings Limited had no contingent liabilities, other than as stated in note 23.

Contractual commitments

At 30 June 2019, HotCopper Holdings Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: Nil).

Note 28: Group information

The consolidated financial statements of the Group include:

Name	Principal activity	Country of incorporation	% equity interest 2019	2018
Report Card Pty Ltd	Internet discussion forum	Australia	100	100
708Placements Pty Ltd	Sophisticated investor services	Australia	100	100
Subscribacar Pty Ltd*	Advertising and retail leasing services	Australia	100	-
Subscribacar ACT Pty Ltd*	Advertising and retail leasing services	Australia	100	-
Subscribacar VIC Pty Ltd*	Advertising and retail leasing services	Australia	100	-
Subscribacar NSW Pty Ltd*	Advertising and retail leasing services	Australia	100	-
Subscribacar SA Pty Ltd*	Advertising and retail leasing services	Australia	100	-
Subscribacar QLD Pty Ltd*	Advertising and retail leasing services	Australia	100	-

*These entities were incorporated during the financial year.

Note 29: New and amended accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2019 are outlined in the table below. The Company has decided not to early adopt any of the new and amended pronouncement.

Reference	Title	Summary	Application date of standard	Application date for the Group	Impact on the Group's Financial Statements
AASB 16	**Leases**	The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. **Lessor accounting** • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019	The group will be adopting the modified retrospective approach. The group is expecting an increase in assets of $701,787 and a corresponding increase in liability of the same amount as a result of application. Depreciation expense will be increased as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The Group will apply the exemptions under AAB16 to low valued asset held.

Reference	Title	Summary	Application date of standard	Application date for the Group	Impact on the Group's Financial Statements
AASB 2018-1	Annual Improvements to IFRS Standards 2015-2017 Cycle	The amendments clarify certain requirements in: ► AASB3 Business Combinations and AASB11 Joint Arrangements - previously held interest in a joint operation ► AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity ► AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	1 January 2019	1 July 2019	The Group is in the process of evaluating the impact of the standard. The impact on the Group is not yet known.
AASB Interpretation 23, and relevant amending standards	Uncertainty over Income Tax Treatments	*The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:* ► *Whether an entity considers uncertain tax treatments separately* ► *The assumptions an entity makes about the examination of tax treatments by taxation authorities* ► *How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates* ► *How an entity considers changes in facts and circumstances.*	1 January 2019	1 July 2019	The Group is in the process of evaluating the impact of the standard. The impact on the Group is not yet known.

Reference	Title	Summary	Application date of standard	Application date for the Group	Impact on the Group's Financial Statements
Conceptual Framework AASB 2019-1	**Conceptual Framework for Financial Reporting Amendments to Australian Accounting Standards – Reference to the Conceptual Framework**	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: ► Chapter 1 – The objective of financial reporting ► Chapter 2 – Qualitative characteristics of useful financial information ► Chapter 3 – Financial statements and the reporting entity ► Chapter 4 – The elements of financial statements ► Chapter 5 – Recognition and derecognition ► Chapter 6 – Measurement ► Chapter 7 – Presentation and disclosure ► Chapter 8 – Concepts of capital and capital maintenance AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the *Framework for the Preparation and Presentation of Financial Statements* (July 2004), and not the definitions in the revised Conceptual Framework.	1 January 2020	1 July 2020	The Group is in the process of evaluating the impact of the standard. The impact on the Group is not yet known.
AASB 2018-7	**Amendments to Australian Accounting Standards – Definition of Material**	This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	1 July 2020	The Group is in the process of evaluating the impact of the standard. The impact on the Group is not yet known.