

## 1. Company details

Name of entity:	Gooroo Ventures Limited
ABN:	96 613 924 744
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

## 2. Results for announcement to the market

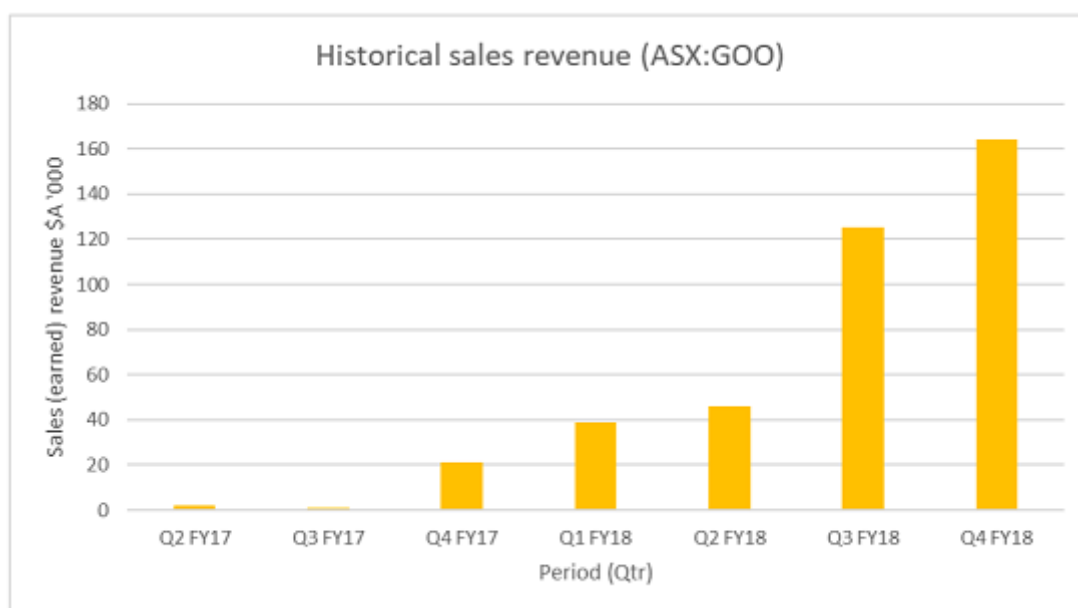
			\$
Revenues from ordinary activities	up	488% to	401,516
Loss from ordinary activities after tax attributable to the owners of Gooroo Ventures Limited	up	21% to	(3,235,500)
Loss for the year attributable to the owners of Gooroo Ventures Limited	up	21% to	(3,235,500)

### Dividends

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

### Comments

The Company has made significant inroads in to the commercialisation of its technology, products and services, and expects these efforts will result in accelerating contract signings and revenues in 2019. The Company is very well positioned globally and will be actively targeting opportunities that lead to increasing exposure, opportunities and scalable revenue growth. This past year, Gooroo has seen an acceleration in its revenues over the last three quarters:



The loss for the Group after providing for income tax amounted to \$3,235,500 (30 June 2017: \$2,674,771).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.85</u>	<u>3.74</u>

**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**10. Audit qualification or review**

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

The financial statements have been audited and an unqualified opinion has been issued.

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**11. Attachments**

*Details of attachments (if any):*

The Consolidated Financial Statements of Gooroo Ventures Limited for the year ended 30 June 2018 is attached.

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**12. Signed**

Signed



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Gregory Muller  
Managing Director

Date: 31 August 2018

# **Gooroo Ventures Limited**

**ABN 96 613 924 744**

## **Consolidated Financial Statements - 30 June 2018**

**Gooroo Ventures Limited**  
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**30 June 2018**



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Directors	Thomas Brown (Non-Executive Chairman) Gregory Muller (Managing Director) Wesley McClendon (Executive Director) Emmanuel Foundas (Non-Executive Director) Donald Stephens (Non-Executive Director) Jason Tonelli (Non-Executive Director)
Company secretary	Donald Stephens
Registered office	C/- HLB Mann Judd (SA) Pty Ltd Level 1, 169 Fullarton Road Dulwich SA 5065
Principal place of business	Level 1, 80 Greville Street Prahran, VIC 3181
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide SA 5000
Auditor	Grant Thornton Audit Pty Ltd Level 3, 170 Frome Street Adelaide SA 5000
Solicitors	Next Gen Legal 1st Floor, 437 Canterbury Road Surrey Hills VIC 3127
Bankers	Australia and New Zealand Banking Group ANZ Centre, 10/833 Collins St Melbourne VIC 3000
Stock exchange listing	Gooroo Ventures Limited shares are listed on the Australian Securities Exchange (ASX code: GOO)
Website	<a href="http://www.goorooventures.com">www.goorooventures.com</a>

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Gooroo Ventures Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

**Information on Directors**

The following persons were Directors of Gooroo Ventures Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Thomas Brown
Title:	Non-Executive Chairman (appointed 2 November 2017)
Qualifications:	MA
Experience and expertise:	Mr Brown is an experienced Non-Executive Director, Advisory Board Member and one of Australia's most senior HR Directors with over 20 years board level experience across multiple industrial sectors including Oil and Gas, Mining, FMCG, Industrial Services, Utilities, Aeronautical and Marine. His board level experience includes directorships of Slater and Gordon and The Homeless World Cup, in addition to several Joint Venture Boards at Allied Domecq and Rolls-Royce. He has extensive senior executive experience in global listed companies including Mobil, BHP Billiton, Allied Domecq, Brambles and Rolls Royce in Europe, Africa, the USA and Australia, focusing on major functional and organisational transformation.
Other current directorships:	None
Former directorships (last 3 years):	Slater and Gordon Limited (from September 2016 to December 2017)
Special responsibilities:	Member of the Finance and Risk Management Committee
Interests in shares:	1,000,000 ordinary shares
Interests in options:	250,000 unlisted options

Name:	Gregory Muller
Title:	Managing Director and Chief Executive Officer
Qualifications:	MBA, BAppSc
Experience and expertise:	<p>Greg Muller is the CEO and founder of Gooroo and has over 20 years' experience in building and leading technology, marketing and management consulting companies and startups. As the founder and CEO of Gooroo, Mr Muller has overseen the R&amp;D phase of the company, together with its funding and partnership strategy, recently announcing a global alliance with Microsoft Corporation.</p> <p>In 2000, Mr Muller founded his own technology and management consulting group, iFocus, growing it to become the largest independent digital agency in Australia.</p> <p>In 2010, Mr Muller was engaged by the Board of Global Reviews, a leading digital marketing and customer experience analytics provider, to reposition the brand internationally, redefine the product set and drive accelerated growth. Mr Muller remains as a non-executive director and shareholder of Global Reviews.</p> <p>Over the past 20 years Mr Muller has consulted to and advised many of the world's major finance, insurance, retail, telecommunications, education and energy companies, and government departments, in the area of digital strategy, marketing, customer experience and innovation.</p> <p>During his career Mr Muller has been the recipient of numerous industry and business awards, most notably BRW Fast 100 (2004, 2005), Dun &amp; Bradstreet Business Award Finalist (2004) and SmartCompany Top 50 (2007).</p> <p>Mr Muller has completed a Master of Business Administration (MBA) and a Bachelor of Applied Science.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	17,680,133 ordinary shares (escrowed for 24 months from 19 October 2016)  414,868 ordinary shares  4,960,111 A class performance shares (escrowed for 24 months from 19 October 2016)  14,960,111 B class performance shares (escrowed for 24 months from 19 October 2016)  6,800,052 C class performance shares (escrowed for 24 months from 19 October 2016)
Interests in options:	None

Name:	Wesley McClendon
Title:	Executive Director (appointed 19 June 2018)
Qualifications:	Ph.D. MSc. DBA
Experience and expertise:	<p>Dr McClendon has an extensive global background in Human Capital Management, Transformation, Strategy and Leadership Development. He is also a thought leader and lectures on these subjects at Macquarie Graduate School of Management, Melbourne Business School and Victoria University Graduate School of Business. At the latter Wes is also an Industry Executive and member of the Advisor Panel, Change, Innovation and Leadership.</p> <p>Throughout his career, Dr McClendon has built global experience across three integrated strategic functions as an advisor, executive and thought leader. As Managing Director, Edinburgh Institute in Scotland and Hong Kong, he led strategic leadership initiatives across the health service. As Executive General Manager, Head of People and Capability at Grocon, he developed and automated key strategic functions aligning business and people strategy, performance culture and leadership development. In addition, Dr McClendon has also held partner roles at Ernst &amp; Young and Mercer (UK). As an author of more than 25 published articles and two books, Dr McClendon has contributed significantly to the thinking and discussion of strategic alignment, transformation and managing human capital.</p> <p>Dr McClendon has a PhD and MSc in Human Resource Management and Industrial Labor Relations from the Pennsylvania State University. He served as a member of President Bill Clinton's Working Group on Welfare Reform and Chair, Maryland State Department of Education Advisory Committee. He was appointed by President Clinton and the US Secretary of Education as US Delegate, United Nations Confintea V – 5th International Conference in Hamburg, Germany.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None



Name:	Donald Stephens
Title:	Non-Executive Director and Company Secretary
Qualifications:	BA(Acc), FCA
Experience and expertise:	<p>Donald Stephens is a Chartered Accountant and corporate advisor with over 25 years' experience in the accounting, mining and services industries, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a Chartered Accountant and corporate adviser specialising in small cap ASX listed entities.</p> <p>Mr Stephens is a director of a number of ASX listed companies. Additionally, he is the Company Secretary of Highfield Resources Limited, Duxton Water Limited and various other listed and unlisted public companies.</p>
Other current directorships:	<p>Petratherm Limited</p> <p>Mithril Resources Limited</p>
Former directorships (last 3 years):	<p>Odin Metals Limited (formerly Lawson Gold Limited) (from July 2013 to February 2018)</p> <p>Papyrus Australia Limited (from September 2004 to August 2015)</p> <p>RHS Limited (from July 2013 to July 2015)</p>
Special responsibilities:	Chairman of the Finance and Risk Management Committee
Interests in shares:	<p>425,000 ordinary shares</p> <p>31,250 (escrowed for 24 months from 19 October 2016)</p>
Interests in options:	125,000 unlisted options (escrowed for 24 months from 19 October 2016)

Name:	Jason Tonelli
Title:	Non-Executive Director
Qualifications:	BA
Experience and expertise:	<p>Jason Tonelli is a digital media and technology specialist with more than 16 years' experience in the field. He has gained a unique range of experience and skills, having worked across most facets of digital media from search to running a trading desk.</p> <p>Mr Tonelli is currently the Chief Executive Officer of Performics and PM Precision – both part of Publicis Media Australia and New Zealand, one of the world's leading communications agencies, where he focuses on leading performance based data driven marketing solutions, innovation and digital strategic work across his customer base. This includes helping customers unlock the power of their data to drive more effective marketing solutions. Prior to this role, Mr Tonelli worked across the Starcom and Mediavest businesses as the digital and technology lead in Australia. Both of these roles have unlocked global client and technology connections throughout Europe, Asia and the US.</p> <p>Prior to joining Starcom, Mr Tonelli has held such roles as General Manager of Aegis Media Pacific's Trading Desk and Media Director at emitch Melbourne, leading a team of 10 across a number of clients including Nissan Australia, BMW, Tourism Victoria, Virgin Australia, QUIT Victoria and the Transport Accident Commission.</p> <p>Mr Tonelli attended Monash University, where he majored in Psychology with a Minor in Marketing. He has found that these two disciplines have complemented his development into the advertising and media fields. Mr Tonelli also participates in many leading industry events both as a keynote speaker and a panellist as well as being an active member of the Industry Advisory Board for the School of Marketing and Advertising at RMIT University in Victoria.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	250,000 ordinary shares
Interests in options:	250,000 unlisted options (escrowed for 24 months from 19 October 2016)

Name:	Emmanuel Foundas
Title:	Non-Executive Director
Qualifications:	B.Comm, ASIA
Experience and expertise:	<p>Emmanuel Foundas has over 25 years' experience in investment banking with Salomon Smith Barney, Natwest Markets, Macquarie Bank, Dresdner Bank and Michell NBD in addition to his time at Mobil Oil Australia where he held the role of Assistant Treasurer.</p> <p>He is currently Chief Representative, Oceania &amp; SE Asia for Conduvix Technologies and the Finance and Technology Lead for the Australian Education City Consortium.</p> <p>Mr Foundas has assisted and mentored a number of successful companies and was Chairman and CEO of CFT Holdings, which under his stewardship executed two co-operative joint ventures in China with State Owned Enterprises.</p> <p>Mr Foundas holds a Bachelor of Commerce degree from The University of Queensland and a Post Graduate Diploma from the Securities Institute of Australia.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Finance and Risk Management Committee
Interests in shares:	<p>500,000 ordinary shares</p> <p>4,397,236 ordinary shares (escrowed for 24 months from 19 October 2016)</p> <p>3,720,737 A class performance shares (escrowed for 24 months from 19 October 2016)</p> <p>3,720,737 B class performance shares (escrowed for 24 months from 19 October 2016)</p> <p>1,691,244 C class performance shares (escrowed for 24 months from 19 October 2016)</p>
Interests in options:	250,000 (escrowed for 24 months from 19 October 2016)

Name:	Simon O'Loughlin
Title:	Former Non-executive Chairman (resigned on 2 November 2017)
Qualifications:	BA(Acc), Law Society Certificate in Law
Experience and expertise:	<p>Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications.</p> <p>Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).</p>
Other current directorships:	<p>Petratherm Limited</p> <p>Bod Australia Limited</p> <p>Chesser Resources Limited</p>
Former directorships (last 3 years):	<p>Arc Exploration Limited (from October 2016 to May 2018)</p> <p>Odin Metals Limited (formerly Lawson Gold Limited) (from July 2013 to February 2018)</p> <p>Xref Limited (from October 2014 to 18 August 2016)</p> <p>WCP Resources Limited (31 March 2015 to 25 February 2016)</p> <p>Food Revolution Group Limited (May 2014 to 11 February 2016)</p>
Special responsibilities:	Former Member of the Finance and Risk Management Committee
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

Name:	Anna Whitlam
Title:	Former Non-Executive Director (resigned on 27 July 2017)
Qualifications:	B.Bus, MBA
Experience and expertise:	Ms Whitlam is the Managing Director of Anna Whitlam People, a leading executive search and organisational design practice, specialising in the disciplines of corporate affairs, communications, marketing, reputation and risk.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

#### **Highlights for the year**

- Completion of a successful \$2.113m (before cost) placement (21,113,468 Ordinary Shares) via Lead Manager Taylor Collison Limited, and supporting broker, Shaw & Partners Limited.
- Banked a \$730,567 tax refund for the 2016/2017 financial year. The amount includes \$727,231 claimed via the Australian Government's R&D Tax Incentive program.
- Mr Thomas Brown, a global leader in human resources, appointed as new Non-Executive Chairman.
- Mr Wesley Payne McClendon, a global executive consultant in human capital, appointed as new Executive Director and Chief Strategy and Transformation Executive.
- Filed patent application representing a globally unique method of understanding the process of human thinking. This was announced in Melbourne by Victorian Minister for Trade & Investment, The Hon. Philip Dalidakis MLC
- Launched Gooroo Mindspace, a flexible and enterprise-grade people and team evaluation capability that leverages the company's ColourGrid intellectual property.
- Launched Gooroo People Analytics platform that builds access to qualified candidates (internal and external to the company) to assist with high performance team development, talent identification and more accurate hiring.
- Deliver a program of product development, launching a number of new product features and capabilities.
- Expanded and signed a Master Services Agreement with KPMG, including a subscription licence to Gooroo's People Analytics platform
- Entered into a three-year partnership agreement with Randstad.
- Entered into a partnership agreement with Amrop Carmichael Fisher.
- Secured numerous enterprise agreements as the momentum of our sales program grew.
- Progressive growth in customer revenue across the year, including a growth of 240% in HY2 (compared to HY1).
- Developed and launched training and accreditation programs to enable customers and partners to speed up adoption and autonomous use of the Gooroo platform.
- Published and launched our book, 'How we make up our Minds: Making more and better choices', a manual for use by clients and partners.
- Provided evidence to a Senate Select Committee hearing on the Future of Work and Workers delivering a vision for a more effective workforce planning at a national level.
- Extended partnership with "Life. Be in it" to continue supporting Australia through an integrated health, education and employment strategy.
- Extended partnership with Microsoft Corporation with the release of a new training platform to support the reskilling of workers.

### **Principal activities**

Gooroo is the global leader in the science of human thinking. The Company's technology delivers meaning about how human beings make decisions. When applied, Gooroo builds higher performing teams, transforms careers in readiness for the future and delivers more effective and personalised communications.

Gooroo's unique, patent pending software moves beyond artificial intelligence and provides a framework for how the brain makes decisions. Gooroo offers four core Solutions:

#### 1. Gooroo Human Capital Solution

- Software as a Service (SaaS) based platform and Human Capital eco system offering an integrated and seamless experience to employers, employees and talent. It is flexible, easy, fast and accessible via the internet. Clients can get up and running within hours with no custom configuration requirements.
- Features support more accurate hiring, assist in the design of effective teams and measure the capacity and readiness of a company for growth.
- Used by employers, consultancies and recruiters.
- Sold on annual subscription-based licence plus consumption model. Consumption is calculated as the number of users that joins the platform in a specific period (year).

#### 2. Gooroo Marketing Solutions

- An analytical engine that can process large consumer datasets, delivering meaning about how people make decisions, at scale.
- Our practice includes the delivery of a set of pivotal insights on consumers' or societies' decision making, behaviour and engagement. Our conclusions go beyond insights delivered by artificial intelligence, data science and traditional research.
- Used by marketers to inform strategy, media & creative execution and personalization.
- Available direct to enterprises, brand or via sales and marketing agencies.
- Sold on licence or on-demand based on the customer's specific requirements.

#### 3. Gooroo Advisory & Training Solutions

- Provide teams a practical experience of Gooroo technology that will introduce key tools, models and applications that can be then applied to specific strategic client situations and environments.
- Expert services to understand team dynamics and to build techniques for better decision-making at all levels of an organisation.
- Professional training and certification courses
- Training provided to clients and consulting partners to drive adoption and on-sell
- Advisory services are sold on licence or on-demand based on the customer's specific requirements.
- Gooroo sells four training programs and they are sold based on the content, the length of the course and the number of participants attending to the course.

#### 4. Gooroo Career Solutions

- SaaS-based platform for students, learning institutions and career advisors.
- Informing individual pathways to re-skill and develop staff for future roles.
- Assesses individuals and build personalised career paths, training courses and open jobs
- Can support all job categories
- Sold on annual subscription-based licence plus consumption model. Consumption is calculated as the number of users that joins the platform in a specific period (year).

Gooroo is targeting the following segments:

- Medium-Large Employers – companies focused on growth and innovation, and who acknowledge the need to transform to stay relevant and competitive in the future.
- Management Consultancies & Advisory firms – firms who wish to leverage Gooroo's technology to deliver strategy, change and transformation programs for their customers.
- Reseller Partners – companies who wish to represent the Gooroo proposition in market.

## **Dividends**

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

## **Review of operations**

The loss for the Group after providing for income tax amounted to \$3,235,500 (30 June 2017: \$2,674,771).

Gooroo primary achievements in financial year 2018 have been substantial growth its revenues from \$68,278 to \$401,516. Management attribute these results to:

- Expand our Product and Service offering in the whole Human Capital Value Chain.

The Global human resource management market size is projected to attain USD 30.0 billion by 2025, according to a new report by Grand View Research.

80% of CEOs expect to increase investment in cognitive technology. 91% expect to increase staff by up to 10 percent over the next 3 years

Gooroo expanded its focus from targeting recruitment only to offer and deliver deeper and strategic services across the human capital value chain such as team performance and collaboration, professional development, leadership development, cultural alignment and organisational design. Gooroo has adapted its Intellectual Property and technology and built the operational capacity to deliver these services integrated within our SaaS platform.

- Position our Product and Service offering in the Marketing and Research Industry.

The U.S. industry for business intelligence and market research (U.S.) to reach \$21,111 million by 2024, according to a new report by Plunkett Analytics Report.

72% of CEOs aim to be disruptors in their industry. 74% expect technological innovations to disrupt their industry by 2020 v 43% of global CEOs.

Gooroo Intellectual Property has the application to provide a new dimension on consumers and can reveal recommendations to tailor communications to individuals or groups. Gooroo's new Human Thinking Research Unit has worked to expand the Intellectual Property to provide unique insights for this industry. As a result of this, Gooroo has been able to secure new clients build proof points and initiate partnership discussions. The Company plans to expand this offering and accelerate sales efforts in 2019.

- Build global strategic partnerships and sales distribution channels supported by a consistent and responsive level of account management and support.

85% CEOs confident of company growth amongst uncertainty. 69% AU CEOs (v 68% global CEOs) have taken training or received a new qualification in past year.

Gooroo has set the foundation of growing through the integration of its products and services through firms who wish to leverage Gooroo's technology as part of its integrated offering to clients. Management has developed commercial relationships with global market leaders, such as Microsoft, KPMG, Randstad and Amrop Carmichael Fisher who can offer a global footprint and reach. Gooroo started the development of training programs that can provide the knowledge, autonomy and capability to enable faster adoption of our technology and solutions for our strategic and sales distribution partners.

- Research and Development in Human Thinking

In a recent McKinsey Quarterly survey of 2,207 executives, only 28% said that the quality of strategic decisions in their companies was generally good, 60% thought that bad decisions were about as frequent as good ones, and the remaining 12% thought good decisions were altogether infrequent.

The Company has focused on the expansion of the ColourGrid™\_Intellectual Property to support the delivery of tangible, measurable and positive outcomes for organisations, teams and individuals. This has resulted in the creation of new commercial arrangements with enterprises and the expansion of the scope of our solutions that we can offer to clients and prospects.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

### Matters subsequent to the end of the financial year

On 31 July 2018, the Company signed a non-cancellable operating lease for its principal place of business for a term of three years commencing on 1 September 2018. The terms contain an escalation clause linked to CPI.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### Likely developments and expected results of operations

The company is well positioned to capitalise on the investment made, and commercialisation activities initiated in the current period.

The company has built a strong sales pipeline of enterprise deals in Australia. The focus is the commercialisation of the Gooroo platform and selling subscription contracts to build strong and sustainable annuity revenue streams.

The company will progress discussions with partners who have expressed interest to leverage and distribute Gooroo's intellectual property and technology. This includes opportunities that will leverage the company's ability to predict the decision-making patterns of consumers. The company expects these relationships will:

- dramatically increase deal flow
- expose Gooroo to larger deals
- help the company expand its reach globally.

### Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Company secretary

Donald Stephens is the Company Secretary. He is also a Non-Executive Director of the Company.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX listing company. During the financial year, shareholders received the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website: [www.goorooventures.com](http://www.goorooventures.com)

### Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Directors' Meeting		Finance and Risk Management Committee	
	Held	Attended	Held	Attended
Thomas Brown	2	2	-	-
Gregory Muller	5	5	2	2
Emmanuel Foundas	5	5	2	2
Donald Stephens	5	4	2	2
Jason Tonelli	5	5	-	-
Wesley McClendon	1	1	-	-
Simon O'Loughlin	3	3	2	2

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.



### Shares under option

Unissued ordinary shares of Gooroo Ventures Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
12 October 2016	12 April 2019	\$0.20	614,231
12 October 2016	12 October 2019	\$0.25	750,000
28 February 2018	30 June 2019	\$0.15	250,000
28 February 2018	28 February 2021	\$0.25	250,000
27 April 2018	30 June 2019	\$0.10	500,000
27 April 2018	31 December 2018	\$0.10	500,000
27 April 2018	31 December 2018	\$0.10	500,000
27 April 2018	31 December 2018	\$0.10	500,000
27 April 2018	31 December 2018	\$0.10	500,000
			4,364,231

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

### Shares issued on the exercise of options

There were no ordinary shares of Gooroo Ventures Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

### Indemnity and insurance of officers

The Group has made an agreement indemnifying all the Directors and Officers of the Company against all losses or liabilities by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001, the indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$18,000 (2017: \$16,500).

### Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Non-audit services

There were no non-audit services provided during the financial year by the auditor.

### Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Remuneration Policy
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### **Remuneration Policy**

The remuneration policy of Gooroo Ventures Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Gooroo Ventures Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- Performance incentives are based on predetermined key performance indicators.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board of Directors reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board of Directors determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The current maximum annual aggregate non-executive directors remuneration is \$300,000 per annum as detailed in the Company's IPO Prospectus.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under these arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Key management personnel who are subject to these arrangements are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

### **Use of remuneration consultants**

No remuneration consultants were engaged by the Group during the year.

*Voting and comments made at the Company's last Annual General Meeting ('AGM')*

At the 2017 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Gooroo Ventures Limited:

- Thomas Brown - Non-Executive Chairman (appointed 2 November 2017)
- Gregory Muller - Managing Director and CEO
- Wesley McClendon - Executive Director (appointed 19 June 2018)
- Donald Stephens - Non-Executive Director
- Jason Tonelli - Non-Executive Director
- Emmanuel Foundas - Non-Executive Director
- Simon O'Loughlin - Non-Executive Director (resigned 2 November 2017)
- Anna Whitlam - Non-Executive Director (resigned 2 July 2017)

The Board has considered the definition of key management personnel and determined that Jose Miguel Herrera Perea was not a key management personnel during the financial year.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Consulting fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	
<b>2018</b>	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Thomas Brown*	48,395	-	-	-	-	9,259	57,654
Emmanuel Foundas	51,000	-	-	4,845	-	-	55,845
Donald Stephens	51,213	-	-	-	-	-	51,213
Jason Tonelli	51,000	-	-	-	-	-	51,000
Wesley McClendon**	4,000	35,064	-	-	-	-	39,064
Simon O'Loughlin***	18,113	-	-	866	-	-	18,979
Anna Whitlam****	2,500	-	-	238	-	-	2,738
<i>Executive Directors:</i>							
Gregory Muller	231,818	-	-	22,023	-	34,841	288,682
	<u>458,039</u>	<u>35,064</u>	<u>-</u>	<u>27,972</u>	<u>-</u>	<u>44,100</u>	<u>565,175</u>

\* Represents remuneration from 2 November 2017 to 30 June 2018

\*\* Represents remuneration from 19 April 2018 to 30 June 2018

\*\*\* Represents remuneration from 1 July 2017 to 2 November 2017

\*\*\*\* Represents remuneration from 1 July 2017 to 27 July 2017

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2017	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Emmanuel Foundas	29,000	-	-	2,755	-	27,550	59,305
Donald Stephens	29,000	-	-	-	-	13,775	42,775
Jason Tonelli	29,000	-	-	-	-	27,550	56,550
Simon O'Loughlin	29,000	-	-	2,755	-	13,775	45,530
Anna Whitlam	27,000	-	-	2,565	-	-	29,565
<i>Executive Directors:</i>							
Gregory Muller	267,817	-	-	21,168	-	-	288,985
<i>Other Key Management Personnel:</i>							
Jose Miguel Herrera Perea	118,333	-	-	11,242	-	-	129,575
Terence Sigankis*	187,853	-	-	16,922	-	-	204,775
	<u>717,003</u>	<u>-</u>	<u>-</u>	<u>57,407</u>	<u>-</u>	<u>82,650</u>	<u>857,060</u>

\* Terence Sigankis moved to a part-time, contract-based arrangement on 22 May 2017

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Gregory Muller  
 Title: Chief Executive Officer  
 Agreement commenced: 12 October 2016  
 Term of agreement: 3 years  
 Details: Base salary for the year ending 30 June 2018 of \$250,000 plus superannuation, to be reviewed annually by the Board of Directors. Six (6) months termination notice by either party, non-solicitation and non-compete clauses.

Name: Wesley McClendon  
 Title: Chief Strategy and Transformation Executive  
 Agreement commenced: 1 July 2018  
 Term of agreement: On-going full time  
 Details: Base salary of \$250,000 per annum plus superannuation. Eight (8) week's termination notice by either party, non-solicitation and non-compete clauses.

Qualify for the Longer Term Incentive (subject to being an active employee of the Company) if specific Company Milestones are met (as referenced in 8.5.7(a),(b) and (c) of the Company's Prospectus dated 29 August 2016).

Achieve Milestone #1 = \$100,000 cash and 100,000 shares  
 Achieve Milestone #2 = \$100,000 cash and 100,000 shares  
 Achieve Milestone #3 = \$100,000 cash and 100,000 shares

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### Share-based compensation

#### Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Date	Shares	Issue price	\$
Gregory Muller	23/02/2018	284,080	\$0.12	34,841

In May 2017, the Company offered the employees of MSGooroo the opportunity to sacrifice a portion of their salaries in exchange for equity in the Company (the 'Offer'). Mr Gregory Muller elected to participate in the Offer. The terms of the arrangement are summarised below:

- Participants choose an amount/percentage reduction ('Reduced Amount') to their current salaries effect on 1 May 2017 and continue if and when the Company completes its next Capital Raising. As soon as practicable after the completion of a Capital Raising, the Company will issue to the participants number of shares calculated by applying a 1.2x multiplier to the Reduction Amount over the five-day volume weighted average price.
- The issue of shares to the participants is subject to the Company's compliance with the Corporations Act 2001 (Cth) and the ASX Listing Rule.
- If the completion of the Capital Raising does not occur within six months of the Offer, and the participants and the Company agree to maintain a pari passu reduction to their salaries, the participants will be issued shares using the same formula described above at each six month anniversary date until the date of completion of the Capital Raising, or the date at which their salaries revert back, or a date agreed by the parties.

The terms of the Offer were satisfied upon on the completion of the Company's share placement on 7 November 2017. On 23 February 2018, shares were subsequently issued to the employees in accordance with the above terms

#### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Thomas Brown	250,000	28/02/2018	28/02/2018	27/02/2021	\$0.25	\$0.037

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Thomas Brown	9,259	-	-	16%

**Additional information**

The earnings of the Group for the two years to 30 June 2018 are summarised below:

	2018 \$	2017 \$
Sales revenue	401,516	68,278
EBITDA	(3,282,764)	(3,254,267)
EBIT	(3,510,146)	(3,351,494)
Loss after income tax	(3,235,500)	(2,674,771)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017
Share price at financial year end (\$)	0.07	0.15
Basic earnings per share (cents per share)	(4.40)	(5.65)

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Thomas Brown	-	-	1,000,000	-	1,000,000
Gregory Muller	17,705,921	284,080	105,000	-	18,095,001
Emmanuel Foundas	4,397,236	-	500,000	-	4,897,236
Donald Stephens	256,250	-	200,000	-	456,250
Jason Tonelli	100,000	-	150,000	-	250,000
Simon O'Loughlin*	256,250	-	250,000	(506,250)	-
Anna Whitlam**	1,030,000	-	-	(1,030,000)	-
	<u>23,745,657</u>	<u>284,080</u>	<u>2,205,000</u>	<u>(1,536,250)</u>	<u>24,698,487</u>

*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Thomas Brown	-	250,000	-	-	250,000
Emmanuel Foundas	250,000	-	-	-	250,000
Donald Stephens	125,000	-	-	-	125,000
Jason Tonelli	250,000	-	-	-	250,000
Simon O'Loughlin*	125,000	-	-	(125,000)	-
	<u>750,000</u>	<u>250,000</u>	<u>-</u>	<u>(125,000)</u>	<u>875,000</u>

\* resigned on 2 November 2017

\*\* resigned on 27 July 2017

***Additional disclosures relating to key management personnel (continued)***

*Other transactions with key management personnel and their related parties*

During the year, Mr Wesley McClendon received \$35,064 consulting fees from the Company for services unrelated to his directorship.

***This concludes the remuneration report, which has been audited.***

**Auditor's independence declaration**

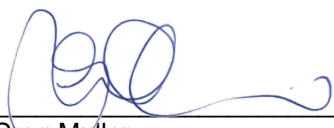
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



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Greg Muller  
Managing Director

31 August 2018

## Auditor's Independence Declaration

### To the Directors of Gooroo Ventures Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gooroo Ventures Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

Grant Thornton Audit Pty Ltd  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 31 August 2018



**Gooroo Ventures Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2018**



	Note	Consolidated 2018 \$	2017 \$
<b>Revenue</b>	5	401,516	68,276
Other income	6	146,188	2
<b>Expenses</b>			
Operating expenses	7	(1,214,598)	(1,201,631)
Corporate transaction costs		-	(142,310)
Share-based payments	33	(52,093)	(263,467)
Employee benefits expense		(2,059,343)	(1,579,756)
Depreciation and amortisation expense		(227,382)	(97,227)
Loss on disposal of assets		(7,968)	-
Product development costs		(469,508)	(91,491)
Finance costs		(61)	(87)
<b>Loss before income tax benefit</b>		(3,483,249)	(3,307,691)
Income tax benefit	8	247,749	632,920
<b>Loss after income tax benefit for the year attributable to the owners of Gooroo Ventures Limited</b>		(3,235,500)	(2,674,771)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Gooroo Ventures Limited</b>		<u>(3,235,500)</u>	<u>(2,674,771)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	(4.40)	(5.65)
Diluted earnings per share	32	(4.40)	(5.65)

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

**Gooroo Ventures Limited**  
**Statement of financial position**  
**As at 30 June 2018**



	Note	Consolidated 2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,511,341	1,829,292
Trade and other receivables	10	101,648	28,550
Income tax refund due	11	254,475	736,920
Other assets	12	26,261	38,595
<b>Total current assets</b>		<u>1,893,725</u>	<u>2,633,357</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	60,431	86,478
Intangibles	14	1,010,686	1,200,155
<b>Total non-current assets</b>		<u>1,071,117</u>	<u>1,286,633</u>
<b>Total assets</b>		<u>2,964,842</u>	<u>3,919,990</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	229,458	349,234
Provisions	16	78,794	29,012
Other liabilities	17	43,950	38,480
<b>Total current liabilities</b>		<u>352,202</u>	<u>416,726</u>
<b>Total liabilities</b>		<u>352,202</u>	<u>416,726</u>
<b>Net assets</b>		<u>2,612,640</u>	<u>3,503,264</u>
<b>Equity</b>			
Issued capital	18	8,976,742	6,654,928
Reserves	19	257,362	234,300
Accumulated losses	20	(6,621,464)	(3,385,964)
<b>Total equity</b>		<u>2,612,640</u>	<u>3,503,264</u>

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

**Gooroo Ventures Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2018**



<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2016	435,585	134,188	(711,193)	(141,420)
Loss after income tax benefit for the year	-	-	(2,674,771)	(2,674,771)
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,674,771)</b>	<b>(2,674,771)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 33)	21,000	242,467	-	263,467
Conversion of convertible notes	1,475,000	(25,476)	-	1,449,524
Conversion of A class shares	213,089	(213,089)	-	-
Shares issued during the year	5,365,876	-	-	5,365,876
Transaction costs	(855,622)	84,410	-	(771,212)
Options issued to acquire intellectual property	-	11,800	-	11,800
<b>Balance at 30 June 2017</b>	<b>6,654,928</b>	<b>234,300</b>	<b>(3,385,964)</b>	<b>3,503,264</b>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2017	6,654,928	234,300	(3,385,964)	3,503,264
Loss after income tax benefit for the year	-	-	(3,235,500)	(3,235,500)
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,235,500)</b>	<b>(3,235,500)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 33)	179,509	12,093	-	191,602
Shares issued via placement	2,331,347	-	-	2,331,347
Shares issued to employees (2017 accrued share-based payments)	38,480	-	-	38,480
Transaction costs	(227,522)	10,969	-	(216,553)
<b>Balance at 30 June 2018</b>	<b>8,976,742</b>	<b>257,362</b>	<b>(6,621,464)</b>	<b>2,612,640</b>

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

**Gooroo Ventures Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2018**



	Note	Consolidated 2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		309,344	26,370
Payments to suppliers and employees (inclusive of GST)		<u>(3,625,768)</u>	<u>(2,879,469)</u>
		(3,316,424)	(2,853,099)
Interest received		26,958	40,928
Other revenue		146,420	-
Interest and other finance costs paid		(61)	(87)
Income taxes refunded		<u>730,194</u>	<u>235,450</u>
Net cash used in operating activities	31	<u>(2,412,913)</u>	<u>(2,576,808)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(6,435)	(101,959)
Payments for intangibles		<u>(13,397)</u>	<u>(825,036)</u>
Net cash used in investing activities		<u>(19,832)</u>	<u>(926,995)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	2,331,347	5,000,001
Proceeds from issue of convertible notes		-	455,000
Share issue transaction costs		(216,553)	(392,167)
Repayment of borrowings		<u>-</u>	<u>(263,331)</u>
Net cash from financing activities		<u>2,114,794</u>	<u>4,799,503</u>
Net increase/(decrease) in cash and cash equivalents		(317,951)	1,295,700
Cash and cash equivalents at the beginning of the financial year		<u>1,829,292</u>	<u>533,592</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>1,511,341</u></u>	<u><u>1,829,292</u></u>

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

## **Note 1. General information and statement of compliance**

The financial statements cover Gooroo Ventures Limited ('the Company') as a Group consisting of Gooroo Ventures Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Gooroo Ventures Limited's functional and presentation currency.

Gooroo Ventures Limited is a listed public company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.. Its registered office and principal place of business are:

### **Registered office**

C/- HLB Mann Judd (SA) Pty Ltd  
Level 1, 169 Fullarton Road  
Dulwich SA 5065

### **Principal place of business**

Level 1, 80 Greville Street  
Prahran, VIC 3181

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirement of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). Gooroo Ventures Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 August 2018.

## **Note 2. Significant accounting policies**

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

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue has been early adopted by the Group. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most applicable to the Group:

#### *AASB 15 Revenue from Contracts with Customers*

The Group has adopted AASB 15 for the year ended 30 June 2018. The impact of the adoption is minimal as this is the first period of revenue generation. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

### **Going concern**

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$3,235,500 and a net cash outflow from operating and investing activities of \$2,432,745 during the reporting period. The Group's ability to continue as a going concern is contingent upon generation of cash flow from its business and/or successfully raising additional capital. If sufficient cash flow is not generated and/or additional capital funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

## **Note 2. Significant accounting policies (continued)**

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 28.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gooroo Ventures Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Gooroo Ventures Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Gooroo Ventures Limited's functional and presentation currency.

#### *Foreign currency transactions*

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

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

#### *Subscription revenue*

Revenue in relation to providing access to the Gooroo SaaS Platform is recognised on a straight-line basis over the life of the contract with each customer.

## **Note 2. Significant accounting policies (continued)**

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gooroo Ventures Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Gooroo Ventures Limited and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Gooroo Ventures Limited recognises the entire tax-consolidated group's retained tax losses.

### Research and development (R&D) tax incentive

Research and development tax incentive income is recognised at fair value when there is reasonable assurance that the income will be received. Income from R&D tax incentive is recognised as an offset against income tax expense or benefit. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as an offset against income tax expense or benefit. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

## **Note 2. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will 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) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is 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 are not discounted if the effect of discounting is immaterial.

### **Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment	2-5 years
Furniture and fittings	3-10 years
Other equipments	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.



## Note 2. Significant accounting policies (continued)

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

#### *Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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'). There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

## **Note 2. Significant accounting policies (continued)**

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Issued capital**

Ordinary shares are classified as equity.

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

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Gooroo Ventures Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

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

## Note 2. Significant accounting policies (continued)

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, other than AASB 15 Revenue from Contracts with Customers, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

#### *AASB 16 Leases*

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

## Note 3. Critical accounting judgements, estimates and assumptions

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

#### *Share-based payment transactions*

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

### Note 3. Critical accounting judgements, estimates and assumptions (continued)

#### *Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

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

The key estimates and assumptions used in the value-in-use calculation of the intangible assets for the current year are:

Discount rate: \$17.63%

Revenue Growth rates: 20% for FY2020, 23% for FY2021, 28% for FY2022, 35% for FY2023

Expenses increase rate: 5% year on year from 2021 to 2023

### Note 4. Operating segments

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the Group's chief operating decision maker and has concluded at this time that there are no separately identifiable segments.

### Note 5. Revenue

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<i>Sales revenue</i>		
Subscription revenue	166,781	4,850
Consulting - employers	47,575	-
Recruiter - Mindspace	1,494	-
Consulting - resellers	26,000	-
Mindspace certification	2,355	-
Gooroo Connect	112,740	14,720
Training referrals	17,381	4,565
	<u>374,326</u>	<u>24,135</u>
<i>Other revenue</i>		
Interest	26,958	43,890
Other revenue	232	251
	<u>27,190</u>	<u>44,141</u>
Revenue	<u><u>401,516</u></u>	<u><u>68,276</u></u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange gain	721	2
Subsidies and grants	54,536	-
Insurance recoveries	11,491	-
Other income	79,440	-
	<u>146,188</u>	<u>2</u>
Other income	<u>146,188</u>	<u>2</u>

**Note 7. Operating expenses**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Advertising and marketing	236,024	245,945
Agency fees	9,739	24,508
ASX fees	26,979	75,321
Auditing or reviewing the financial report	44,000	27,000
Bank charges	2,741	2,802
Computer expenses	4,563	14,781
Consulting fees	103,572	79,272
Donation	68,000	50,600
HR outsourcing	4,074	83,000
Insurance	27,359	25,548
Legal fees	27,794	6,249
Outgoings	3,950	19,991
Professional fees	111,209	98,598
Rental expenses	110,439	67,646
Research expenses	162,425	48,543
Sales support	871	183,745
Share registry services	31,722	12,403
Travel expenses	40,869	47,330
Other operating expenses	198,268	88,349
	<u>1,214,598</u>	<u>1,201,631</u>
	<u>1,214,598</u>	<u>1,201,631</u>

**Note 8. Income tax benefit**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(3,483,249)	(3,307,691)
Tax at the statutory tax rate of 27.5% (2017: 30%)	(957,893)	(992,307)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation expense	6,742	4,644
Amortisation of intangibles	55,788	20,412
Impairment of assets	-	4,112
Share-based payments	14,326	79,040
Non-deductible expenses	40,349	111,725
Other non-allowable items	157,191	296,526
Tax portion of share issue costs	-	65,575
Other deductible adjustments	(108,833)	(99,309)
	(792,330)	(509,582)
Current year tax losses not recognised	792,330	575,157
R&D tax incentive recognised as income tax benefit	(247,749)	(698,495)
Income tax benefit	<u>(247,749)</u>	<u>(632,920)</u>

The Company has tax losses arising in Australia of \$5,059,043 (2017: \$2,221,135) that are available for offset against future taxable profits of the Company.

No deferred tax assets has been recognised it is not likely future assessable income is derived from a nature and of an amount sufficient to enable the benefit to be realised.

**Note 9. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	101	101
Cash at bank	1,511,240	579,191
Cash on deposit	-	1,250,000
	<u>1,511,341</u>	<u>1,829,292</u>

**Note 10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	101,648	7,744
GST receivable	-	20,806
	<u>101,648</u>	<u>28,550</u>

**Note 11. Income tax refund due**

	<b>Consolidated 2018</b>	<b>2017</b>
	\$	\$
Income tax refund due	254,475	736,920

**Note 12. Other assets**

	<b>Consolidated 2018</b>	<b>2017</b>
	\$	\$
Accrued revenue	2,400	-
Prepayments	14,694	11,013
Security deposits	9,167	27,582
	<u>26,261</u>	<u>38,595</u>

**Note 13. Property, plant and equipment**

	<b>Consolidated 2018</b>	<b>2017</b>
	\$	\$
Furnitures and fittings - at cost	45,914	49,760
Less: Accumulated depreciation	<u>(7,270)</u>	<u>(2,228)</u>
	38,644	47,532
Computer equipment - at cost	50,628	51,452
Less: Accumulated depreciation	<u>(31,229)</u>	<u>(16,470)</u>
	19,399	34,982
Office equipment - at cost	5,263	4,912
Less: Accumulated depreciation	<u>(2,875)</u>	<u>(948)</u>
	2,388	3,964
	<u>60,431</u>	<u>86,478</u>

*Reconciliations*

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

<b>Consolidated</b>	Furniture and fittings \$	Office equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2016	-	-	-	-
Additions	49,760	4,912	47,286	101,958
Depreciation expense	<u>(2,228)</u>	<u>(948)</u>	<u>(12,304)</u>	<u>(15,480)</u>
Balance at 30 June 2017	47,532	3,964	34,982	86,478
Additions	1,350	837	4,249	6,436
Disposals	(4,856)	(414)	(2,697)	(7,967)
Depreciation expense	<u>(5,382)</u>	<u>(1,999)</u>	<u>(17,135)</u>	<u>(24,516)</u>
Balance at 30 June 2018	<u>38,644</u>	<u>2,388</u>	<u>19,399</u>	<u>60,431</u>

**Note 14. Intangibles**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Development costs	1,068,438	1,055,041
Less: Accumulated amortisation	(251,575)	(68,039)
Less: Impairment	(13,707)	(13,707)
	<u>803,156</u>	<u>973,295</u>
Intellectual property - at cost	226,860	226,860
Less: Accumulated amortisation	(19,330)	-
	<u>207,530</u>	<u>226,860</u>
	<u><u>1,010,686</u></u>	<u><u>1,200,155</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Development costs \$	Intellectual property \$	Total \$
Balance at 1 July 2016	230,005	215,060	445,065
Additions	825,036	11,800	836,836
Impairment of assets	(13,707)	-	(13,707)
Amortisation expense	(68,039)	-	(68,039)
	<u>973,295</u>	<u>226,860</u>	<u>1,200,155</u>
Balance at 30 June 2017	973,295	226,860	1,200,155
Additions	13,397	-	13,397
Amortisation expense	(183,536)	(19,330)	(202,866)
	<u>803,156</u>	<u>207,530</u>	<u>1,010,686</u>
Balance at 30 June 2018	<u><u>803,156</u></u>	<u><u>207,530</u></u>	<u><u>1,010,686</u></u>

**Note 15. Trade and other payables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	180,580	242,163
Other payables	48,878	107,071
	<u>229,458</u>	<u>349,234</u>

Refer to note 22 for further information on financial risk management.

**Note 16. Provisions**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Annual leave	78,794	29,012
	<u><u>78,794</u></u>	<u><u>29,012</u></u>



**Note 16. Provisions (continued)**

*Movements in provisions*

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

<b>Consolidated - 2018</b>	Annual leave \$
Carrying amount at the start of the year	29,012
Additional provisions recognised	<u>49,782</u>
Carrying amount at the end of the year	<u><u>78,794</u></u>

**Note 17. Other liabilities**

	<b>Consolidated 2018 \$</b>	<b>2017 \$</b>
Deferred revenue	43,950	-
Employee salary sacrifice liability	<u>-</u>	<u>38,480</u>
	<u><u>43,950</u></u>	<u><u>38,480</u></u>

**Note 18. Issued capital**

	<b>2018 Shares</b>	<b>Consolidated 2017 Shares</b>	<b>2018 \$</b>	<b>2017 \$</b>
Ordinary shares - fully paid	86,687,851	61,523,126	10,059,886	7,510,550
Transaction costs	<u>-</u>	<u>-</u>	<u>(1,083,144)</u>	<u>(855,622)</u>
	<u><u>86,687,851</u></u>	<u><u>61,523,126</u></u>	<u><u>8,976,742</u></u>	<u><u>6,654,928</u></u>

*Movements in ordinary share capital*

<b>Details</b>		<b>Shares</b>	<b>\$</b>
Balance		1	1
Issued on conversion of convertible notes		9,218,750	1,475,000
Issued during the Initial Public Offering		25,000,000	5,000,000
Issued to broker		1,204,375	240,875
Issued to MSGooroo shareholders		26,000,000	773,674
Issued to consultants		100,000	21,000
Transaction costs		<u>-</u>	<u>(855,622)</u>
Balance	30 June 2017	61,523,126	6,654,928
Issued via share placements		23,313,468	2,331,347
Issued to employees		1,451,257	177,989
Issued to consultants		400,000	40,000
Transaction costs		<u>-</u>	<u>(227,522)</u>
Balance	30 June 2018	<u><u>86,687,851</u></u>	<u><u>8,976,742</u></u>

**Note 18. Issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Performance shares*

Shareholders of MSGooroo Pty Ltd were granted 54,000,000 Performance Shares as part of the consideration of the acquisition by Gooroo. The management has determined that no value is to be recognised for the Performance Shares for the year ended 30 June 2018. The terms and conditions of the Performance Shares are summarised below:

Share class	Conversion event	Conversion	Time frame
A Class Performance Shares	(a) the Company achieving a 20-day Volume Weighted Average Market Price of the Company Shares equal to or greater than \$0.50; and  (b) the Group having at least 10,000 members registered on gooroo.io (whether or not they occur at the same time)	1 Performance Share converts to 1 Ordinary Share	3 years from issue (12 October 2019)
B Class Performance Shares	(a) the Group generating two consecutive Quarters of Consolidated Sales Revenue of at least \$3 million per Quarter; or  (b) the Group achieving Consolidated Sales Revenue of at least \$10m for a Financial Year; or  (c) the: (i) Company having achieved a Market Capitalisation of \$70 million or more for 10 consecutive Business Days (ii) Group having at least 20,000 members registered on gooroo.io (whether or not they occur at the same time)	1 Performance Share converts to 1 Ordinary Share	Prior to 30 June 2019
C Class Performance Shares	(a) the Group generating two consecutive Quarters of Consolidated Sales Revenue of at least \$4.5 million per Quarter; or (b) the Group achieving Consolidated Sales Revenue of at least \$15m for a Financial Year; or (c) the: (i) Company having achieved a Market Capitalisation of \$110 million or more for 10 consecutive Business Days; and (ii) Group having at least 30,000 members registered on gooroo.io (whether or not they occur at the same time)	1 Performance Share converts to 1 Ordinary Share	Prior to 30 June 2020

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Note 18. Issued capital (continued)**

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

**Note 19. Reserves**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Share-based payments reserve	<u>257,362</u>	<u>234,300</u>

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share-based payments reserve \$	Convertible instruments reserve \$	Total \$
Balance at 1 July 2016	110,082	24,106	134,188
Conversion of convertible notes	-	(24,106)	(24,106)
Share-based payments	177,490	-	177,490
Conversion of A class shares	(53,272)	-	(53,272)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	234,300	-	234,300
Share-based payments	23,062	-	23,062
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	<u>257,362</u>	<u>-</u>	<u>257,362</u>

**Note 20. Accumulated losses**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Accumulated losses at the beginning of the financial year	(3,385,964)	(711,193)
Loss after income tax benefit for the year	<u>(3,235,500)</u>	<u>(2,674,771)</u>
Accumulated losses at the end of the financial year	<u>(6,621,464)</u>	<u>(3,385,964)</u>

**Note 21. Dividends**

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

## Note 22. Financial Risk Management

### **Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Chief Executives Officer ("CEO") under policies approved by the Board of Directors ("the Board"). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

### **Market risk**

#### *Price risk*

The Group is not exposed to any significant price risk.

#### *Interest rate risk*

The Group is not exposed to any significant interest rate risk.

### **Credit risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2018.

### **Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### **Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 23. Key management personnel disclosures

### *Directors*

The following persons were Directors of Gooroo Ventures Limited during the financial year:

Thomas Brown	Non-Executive Chairman (appointed 2 November 2017)
Gregory Muller	Managing Director
Wesley McClendon	Executive Director (appointed 9 June 2018)
Donald Stephens	Non-Executive Director
Jason Tonelli	Non-Executive Director
Emmanuel Foundas	Non-Executive Director
Simon O'Loughlin	Non-Executive Director (resigned 2 November 2017)
Anna Whitlam	Non-Executive Director (resigned 2 July 2017)

**Note 23. Key management personnel disclosures (continued)**

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Short-term employee benefits	493,103	717,003
Post-employment benefits	27,972	57,407
Share-based payments	44,100	82,650
	<u>565,175</u>	<u>857,060</u>

**Note 24. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>44,000</u>	<u>27,000</u>

**Note 25. Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None)

**Note 26. Commitments**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	16,667	105,000
One to five years	-	8,333
	<u>16,667</u>	<u>113,333</u>

The Company's current operating lease for its principal place of business will expire on 31 August 2018.

**Note 27. Related party transactions**

*Parent entity*

Gooroo Ventures Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 29.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

**Note 27. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Payment for goods and services:		
Consulting fees paid to Wesley McClendon	35,064	-

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Current payables:		
Trade payables to key management personnel	19,400	-

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 28. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Loss after income tax	(3,235,319)	(3,386,145)
Total comprehensive income	(3,235,319)	(3,386,145)

**Note 28. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Total current assets	1,560,888	1,274,494
Total assets	2,669,301	3,551,620
Total current liabilities	56,661	48,356
Total liabilities	56,661	48,356
Equity		
Issued capital	8,976,742	6,655,109
Share-based payments reserve	257,362	234,300
Accumulated losses	(6,621,464)	(3,386,145)
Total equity	<u>2,612,640</u>	<u>3,503,264</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity

**Note 29. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2018</b>	<b>2017</b>
		%	%
MSGooroo Pty Ltd	Australia	100.00%	100.00%

**Note 30. Events after the reporting period**

On 31 July 2018, the Company signed a non-cancellable operating lease for its principal place of business for a term of three years commencing on 1 September 2018. The terms contain an escalation clause linked to CPI.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Note 31. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax benefit for the year	(3,235,500)	(2,674,771)
Adjustments for:		
Depreciation and amortisation	227,382	83,520
Impairment	-	13,707
Share-based payments	191,602	263,467
Write off of assets	7,967	-
Other expenses - non-cash	18,414	65,575
Change in operating assets and liabilities:		
Increase in trade and other receivables	(73,098)	(22,629)
Decrease/(increase) in income tax refund due	482,445	(463,045)
Increase in accrued revenue	(2,400)	-
Increase in prepayments	(3,681)	(6,992)
Increase in other operating assets	-	(27,582)
Increase/(decrease) in trade and other payables	(81,296)	137,248
Increase in employee benefits	49,782	16,214
Increase in other operating liabilities	5,470	38,480
Net cash used in operating activities	<u>(2,412,913)</u>	<u>(2,576,808)</u>

**Note 32. Earnings per share**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Gooroo Ventures Limited	<u>(3,235,500)</u>	<u>(2,674,771)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>73,583,708</u>	<u>47,374,291</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>73,583,708</u>	<u>47,374,291</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.40)	(5.65)
Diluted earnings per share	(4.40)	(5.65)



**Note 33. Share-based payments**

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of the Group. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of the Group.

Set out below are summaries of options granted under the plan:

2018							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/10/2016	12/04/2019	\$0.20	614,231	-	-	-	614,231
12/10/2016	12/10/2019	\$0.25	750,000	-	-	-	750,000
28/02/2018	30/06/2019	\$0.15	-	250,000	-	-	250,000
28/02/2018	27/02/2021	\$0.25	-	250,000	-	-	250,000
27/04/2018	31/12/2018	\$0.10	-	500,000	-	-	500,000
27/04/2018	31/12/2018	\$0.10	-	500,000	-	-	500,000
27/04/2018	30/06/2019	\$0.10	-	500,000	-	-	500,000
27/04/2018	31/12/2018	\$0.10	-	500,000	-	-	500,000
27/04/2018	31/12/2018	\$0.10	-	500,000	-	-	500,000
			<u>1,364,231</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>4,364,231</u>
Weighted average exercise price			\$0.23	\$0.12	\$0.00	\$0.00	\$0.15
2017							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/10/2016	12/04/2019	\$0.20	-	614,231	-	-	614,231
12/10/2016	12/10/2019	\$0.25	-	750,000	-	-	750,000
			<u>-</u>	<u>1,364,231</u>	<u>-</u>	<u>-</u>	<u>1,364,231</u>
Weighted average exercise price			\$0.00	\$0.23	\$0.00	\$0.00	\$0.23

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
12/10/2016	12/04/2019	614,231	614,231
12/10/2016	12/10/2019	750,000	750,000
28/02/2018	28/02/2021	250,000	-
27/04/2018	30/06/2019	500,000	-
		<u>2,114,231</u>	<u>1,364,231</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.89 years (2017: 2.06 years).

**Note 33. Share-based payments (continued)**

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/02/2018	30/06/2019	\$0.10	\$0.15	81.33%	-	2.38%	\$0.011
28/02/2018	28/02/2021	\$0.09	\$0.25	97.17%	-	2.73%	\$0.037
27/04/2018	30/06/2019	\$0.07	\$0.10	95.14%	-	2.47%	\$0.019
27/04/2018	31/12/2018	\$0.07	\$0.10	95.14%	-	2.47%	\$0.007

Share-based payments during the year are:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Recognised in the statement of profit or loss as share-based payments</b>		
Options issued to Directors and Consultants	12,093	103,650
Conversion of A class shares	-	159,817
Shares issued to Consultants	40,000	-
	<u>52,093</u>	<u>263,467</u>

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Recognised in the statement of profit or loss as employee benefits expense</b>		
Shares issued to Employees	177,989	-
Accrued employee benefits expenses	(38,480)	38,480
	<u>139,509</u>	<u>38,480</u>

In total, \$191,602 (2017: \$301,947) of share-based payments expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
<b>Recognised in the statement of financial position</b>		
Options issued to Broker (equity)	10,969	-
Options issued to acquire intellectual property (non-current asset)	-	11,800
Performance rights issued to Broker (equity)	-	84,410
	<u>10,969</u>	<u>96,210</u>

**Note 33. Share-based payments (continued)**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Share-based payments recognised in Reserves</b>		
Options issued to Directors	12,093	82,650
Options and rights issued to Brokers	10,969	83,040
Options issued to purchase intangible assets	-	11,800
Conversion of A Class shares	-	(53,272)
	<u>23,062</u>	<u>124,218</u>

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Greg Muller  
Managing Director

31 August 2018

# Independent Auditor's Report

## To the Members of Gooroo Ventures Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Gooroo Ventures Limited (the Group) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of \$3,235,500 during the year ended 30 June 2018, and a net cash outflow from operating and investing activities of \$2,432,745. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of intangible assets</b></p> <p>The Group's intangible assets totalled \$1,010,686 at 30 June 2018. AASB 136 <i>Impairment of Assets</i> requires an assessment of whether there is any indication that an asset may be impaired. If an indication exists, the recoverable amount of the asset shall be estimated.</p> <p>Assessing whether there is any indication of impairment involves a high degree of management judgement. Further, the determination of the recoverable amount of assets by estimating their value in use is highly complex and involves a significant amount of assumptions and management judgement.</p> <p>This area is a key audit matter due to the degree of management judgement and assumptions applied in assessing the presence of impairment and the recoverable amount of intangible assets.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtained the impairment paper prepared by management, and approved by the Audit Committee, and performed the following: <ul style="list-style-type: none"> <li>• Tested the mathematical accuracy of management's impairment model;</li> <li>• Discussed pertinent aspects of the paper with senior management and project managers to assess consistency with AASB 136 <i>Impairment of Assets</i>;</li> <li>• Identified the key assumptions in the impairment model and compared them to internal and external sources to determine their reasonableness; and</li> <li>• Performed sensitivity analysis on the impairment model by adjusting the key assumptions identified in management's impairment paper.</li> </ul> </li> <li>• Assessed the qualifications of management's expert who assisted with the financial model; and</li> <li>• Assessed the adequacy of the related disclosures in the financial statements.</li> </ul>

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors' for the financial report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in pages 14 to 20 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Gooroo Ventures Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 31 August 2018