



ANNUAL REPORT 2014

ACN: 089 240 353

www.goconnect.com.au



GOCONNECT LIMITED
ACN 089 240 353

AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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COMPANY PARTICULARS

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

Board of Directors

Mr. Richard Li
Mr. Philip Chan
Mr. Jermaine L Jackson
Mr. Joe Fekete

Company Secretary

Mr. Joe Fekete

Registered Office

Level 3, 112 Wellington Parade
East Melbourne VIC 3002,
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Facsimile: 61-3-9993-7099
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Auditors

RSM Bird Cameron Partners

Chartered Accountants
Level 21, 55 Collins St
Melbourne, Vic 3000
Telephone: +61 3 9286 1800

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
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CORPORATE GOVERNANCE STATEMENT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

The board of directors are responsible for overseeing the corporate governance of GoConnect Limited (“the Company”) and are responsible for setting its major objectives and ensuring the strategic direction of the Company is in the best interests of all shareholders.

The board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The board’s governance document has been made publicly available on the Company’s website. This document details the adopted practices and processes in relation to matters reserved for the board’s consideration and decision-making and specifies the level of authorisation provided to other key management personnel (KMP). The board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2014. The board has adopted appropriate corporate governance policies and practices. The Company’s main corporate governance policies are summarised below:

The board composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors’ report.

Board charter and composition

The board’s composition is determined by all directors pursuant to the Company’s constitution on the following principles:

- the board shall not consist of more than eight directors, with a minimum of three;
- the board may appoint directors either to acquire additional expertise or to fill a vacancy. Non-executive directors bring a fresh perspective to the board’s consideration of strategy, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management;
- the Company shall maintain a mix of directors on the board from different backgrounds with complementary skills and experience;
- the Company shall undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Company;
- the board, being mindful of the resources and the small management team currently available and the unique drive and skill currently required and available to execute the business model of the Company, deemed it appropriate that the Chairman should act as Executive Chairman until such time when it deemed it appropriate to appoint a Chief Executive Officer or Managing Director; and
- the board shall comprise a majority of non-executive directors.

Responsibilities

The responsibilities of the board include:

- providing strategic guidance to the Company including input into and approval of management’s development of corporate strategy and performance objectives;
- overseeing the operation of the Company, including its operations and accountability systems;
- appointment, performance assessment and, if necessary, removal of the Chief Executive Officer (or Managing Director);
- ratifying the appointment and/or removal, and contributing to the performance assessment of senior management, including the Chief Financial Officer and the Company Secretary;

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- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring and approving financial and other compliance reporting, and liaison with the Company's auditors;
- monitoring management's implementation of strategy, and ensuring appropriate resources are available; and
- approving and monitoring the progress of major capital expenditure and other significant corporate projects including any acquisitions and divestments.

The responsibilities delegated to senior executives include:

- development of corporate strategy, business plans and performance objectives;
- execution of the above, including development and implementation of systems, procedures and structures;
- management of operations, projects, staff and other resources; and
- reporting of performance.

All senior executives have formal job descriptions and letters of appointment describing their terms of appointment, duties, rights, responsibilities and entitlements on termination. The Executive Chairman reviews the performance of each senior executive at regular intervals according to relevant appropriate yardsticks.

The Corporate Governance Statement containing information on matters reserved for the board, matters delegated to senior executives, and the board charter is available to the public on the Company's corporate web site.

Structure of the board

The board has been structured to add value to the Company's circumstances.

Directors' independence

The board has deemed directors to be independent if they are free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interest of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group is considered quantitatively material for these purposes. A transaction of any amount or a relationship is deemed qualitatively material if knowledge of it may impact the shareholders' understanding of the director's performance. In addition, independent directors should hold less than 10% of the Company shares directly and indirectly.

All directors have undertaken to promptly inform the board of any changes in interests that may affect their independence.

In accordance with the above criteria, Joe Fekete, Philip Chan, and Jermaine L Jackson are considered non-executive independent directors of the board.

ASX Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. Recommendation 2.2 requires that the chairperson should be an independent director. Recommendation 2.3 states that the roles of chairperson and chief executive officer should not be exercised by the same individual. Recommendation 2.4 states that the board should establish a nomination committee. Recommendations 2.1, 2.2, 2.3 and 2.4 were not followed by the Company during the reporting period. The board considers specific personal expertise and industry experience to be important attributes of board members and mindful of the resources available to the Company, believes that the composition of the board is appropriate given the size and business development of the Company at the present stage. However, the board, as a whole,

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reviewed succession requirements taking into account the range of skills, experience and expertise of the current members, and the resources available to and required by the Company.

Performance assessment

The board undertakes an annual self-assessment of its collective performance and individual directors' performance.

Appointment and retirement of directors

The appointment and retirement of non-executive directors are determined by the board on a case by case basis and in conformity with all legal requirements. The directors may from time to time appoint one of their members to the office of Managing Director for a period not exceeding 5 years, and subject to the terms on any agreement entered into in any particular case, may revoke any such appointment.

The Company's governing constitution requires that all directors apart from the Managing Director are to be re-elected every three years, and at each annual general meeting at least one-third of all non-executive directors shall retire from office. Where eligible, a director may stand for re-election.

Independent professional advice

Independence is clearly delineated by the separation of executive and non-executive directors. It is the board's policy that all directors in the exercise of their duties and responsibilities have the right to seek independent professional advice at the Company's expense. Prior consent of the Chairman is required and professional advice obtained is to be made available to the board.

A Corporate Governance Statement containing information on procedures for the appointment and retirement of directors, assessment of their independence and performance, and provision for independent professional advice is available to the public on the Company's corporate web site.

Code of conduct - Ethical standards

The Company is committed to the highest standard of business and ethical conduct. The board has adopted a Code of Conduct setting out the standards required for executives, management and employees in the exercise and performance of their duties and responsibilities.

The Code of Conduct provides that all employees are to:

- comply with the law;
- act in the best interest of the Company;
- act with integrity, fairness and honesty;
- avoid conflict of interests;
- maintain confidentiality of the Company's business dealings; and
- be accountable for their own actions.

Equity participation

The Company encourages directors, employees and related parties to own shares in the Company.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy.

This diversity policy outlines requirements for the board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Due to the

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small number of employee and board, the objectives of the diversity including gender diversity could not be met.

Securities Trading Policy

The Company's internal control policies require all directors and employees to observe confidentiality of information on negotiations and developments of the Company until announced to the Australian Securities Exchange (ASX). The Company's securities trading policy further provides that directors, employees and related parties should not deal in securities in the Company while in possession of any information which if generally available might have a material effect on the value of such securities. Directors and employees are advised only to deal in the Company's shares after a reasonable time gap has elapsed following the issue of an announcement to ASX. These requirements are included in the Employee Handbook given to all new employees.

A Corporate Governance Statement containing information on the Company's code of conduct and policy on trading in the Company's securities for directors, senior executives and other employees, is available to the public on the Company's corporate web site.

Audit Committee

During the financial year ended 30 June 2014, the Audit Committee was chaired by Richard Li, the executive chairman and Joe Fekete the Company Secretary. Due to the small number of directors available, the requirements of ASX Corporate Governance Council Recommendation 4.2 on the number of members and independence of directors on the Audit Committee could not be met.

The charter/principal functions of the Audit Committee are to:

- establish and monitor the effectiveness of internal control procedures;
- review interim and annual financial statements of the Company;
- appoint, remove and review the scope and performance of external auditors;
- review external audit reports against internal risk management practices;
- ensure compliance in financial matters with all legal and regulatory requirements;
- review and monitor internal procedures for compliance with laws, regulations and industry guidelines affecting the Company's businesses;
- liaise with industry groups of which the Company is a member and developing and recommending policies to the board in connection with the Company's role as an industry advocate; and
- monitor changes to the law and regulation of the media and Internet industries and recommending to the board operational and policy responses to such changes.

External auditors

The Audit Committee meets with the external auditor twice each year in the course of the preparation of the half-year and full year financial reports to ensure that these have been prepared in accordance with the Corporations Act and ASX requirements.

The Audit Committee receive from the external auditor each year a statement confirming that the conduct of the audit meets required auditing standards including those on independence and rotation of external audit engagement partners.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Continuous disclosure and shareholder communication

The Company has established policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would

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expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communications with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in ASX Listing Rules and overseeing and co-ordinating information disclosure to ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to ASX is posted on the Company's web site as soon as it is disclosed to ASX. Procedures are established to ensure any information provided to analysts or media during briefings is also immediately released to ASX.

All shareholders receive a full copy of the Company's annual report. Other measures to facilitate communication with shareholder include making all Company announcements, media briefings, press releases, details of general meetings, and the annual report for the last year available on the Company's website.

A copy of the Company's Corporate Governance Statement, including policies on continuous disclosure and shareholder communication are posted on the Company's corporate website.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company, to lodge questions to be responded by the board, and are able to appoint proxies.

Risk management

The board are primarily responsible for the identification and monitoring of principal risks faced by the business. The Company is continuously undertaking detailed reviews of potential risks in the ever-changing market. The Company has sound internal management control procedures that require regular reporting of the nature of those risks to the board, and practical measures that mitigate against those risks.

Corporate reporting

The Executive Chairman and Chief Financial Officer are required, in relation to annual and half-yearly financial reports, to make the following certifications to the board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and the consolidated entity and are in accordance with the relevant accounting standards
- that the above statement (including the Corporations Act S.295A declaration) is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the board, and the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial risk reporting.

A copy of the Company's Corporate Governance Statement, including policies on risk management and internal controls are posted on the Company's corporate website.

Remuneration Policies and Committee

The Company's policies on remuneration, including entitlements and restrictions under any equity based remuneration schemes, are detailed in the Remuneration Report of the Annual Report to shareholders.

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During the financial year ended 30 June 2014, the Remuneration Committee was chaired by Richard Li, the executive chairman and Joe Fekete Company Secretary. Due to the small number of directors available, the requirements of ASX Corporate Governance Council Recommendation 8.2 on the number of members and independence of directors on the Remuneration Committee could not be met.

The committee reviews the remuneration arrangements for all directors taking into account the range of skills, experience and expertise of the current members, and the resources available to and required by the Company.

DIRECTORS' REPORT

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The directors of GoConnect Limited (“the Parent Entity” or “the Company”) present their report together with the consolidated financial statements of the Company and its controlled entities (together “the Consolidated Entity” or “the Group”) for the year ended 30 June 2014 and the auditors’ report thereon.

INFORMATION ON DIRECTORS

Richard Li	<ul style="list-style-type: none">• Executive Chairman• B. Bus, FAIM
Experience	<ul style="list-style-type: none">• Board member since 1999. Over 30 years in investment research, equity fund management, investment advisory service and stock broking with major Australian institutions.
Special responsibilities	<ul style="list-style-type: none">• Chairman of Audit Committee• Chairman of Remuneration Committee
Directorship of other listed entities – in the past 3 years	<ul style="list-style-type: none">• Director of Sino Strategic International Limited
Interest in shares and options	<ul style="list-style-type: none">• 70,138,358 ordinary shares and 20,000,000 options to acquire ordinary shares held by personal and related entities
Joe Fekete	<ul style="list-style-type: none">• Non-Executive Independent Director (appointed on 17 January 2014) and Company Secretary since December 2013
Experience	<ul style="list-style-type: none">• He was the Finance Director of J Walter Thompson and Simon Richards Group and also worked at Campaign Palace. He has held many roles as CFO and most recently was Executive Director, Chief Financial Officer and Company Secretary of Altius Mining Limited, which he helped to IPO on the ASX. His business management and accounting experience spans over 20 years in various industries including Advertising, Travel, Wholesale Retail distribution, Mining, Construction, and Public Practice.
Special responsibilities	<ul style="list-style-type: none">• Member of Audit Committee• Member of Remuneration Committee
Directorship of other listed entities – in the past 3 years	<ul style="list-style-type: none">• Altius Mining Limited
Interest in shares and options	<ul style="list-style-type: none">• 500,000 ordinary shares and 500,000 options to acquire ordinary shares held by personal and related entities
Jermaine L Jackson	<ul style="list-style-type: none">• Non-executive Independent Director
Experience	<ul style="list-style-type: none">• Board member since May 2013. Jermaine is a member of the legendary Jackson 5, an icon within the global entertainment industry.
Special responsibilities	<ul style="list-style-type: none">• None
Directorship of other listed entities – in the past 3 years	<ul style="list-style-type: none">• None
Interest in shares and options	<ul style="list-style-type: none">• 2,000,000 options to acquire ordinary shares held by personal and related entities

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Philip Chan

Experience

- Non-executive Independent Director
- Board member since 2007. Philip joined the entertainment industry in 1976 and by 1990 was well celebrated for his roles as actor, director and producer of 14 movies. His management skills were proven by successes as General Manager of Capital Artists, responsible for promoting many singing artists to superstardom, and as Managing Director responsible for turning Hong Kong's newest radio station, Metro Broadcasts, into a profitable operation. He has also been successful in establishing a chain of Planet Hollywood restaurants and in promoting concerts and marketing events in South East Asia. He was the Chief Operating Officer of Emperor Motion Pictures, Life Chairman of the Hong Kong Film Directors' Guild, and a committee member of the Hong Kong Performing Artists Guild.

Special responsibilities

- None

Directorship of other listed entities – in the past 3 years

- None

Interest in shares and options

- 1,000,000 options to acquire ordinary shares

INFORMATION ON COMPANY SECRETARY

Joe Fekete

Joe was the Finance Director of J Walter Thompson and Simon Richards Group and also worked at Campaign Palace. He has held many roles as CFO and most recently was Executive Director, Chief Financial Officer and Company Secretary of Altius Mining Limited, which he helped to IPO on the ASX. His business management and accounting experience spans over 20 years in various industries including Advertising, Travel, Wholesale Retail distribution, Mining, Construction, and Public Practice.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the reporting period were:

- Continue with the development of Free WiFi Marketing Platform incorporating uctv.fm IPTV. Development and growth of a number of video infotainment and entertainment portals with own content production and third party content.
- Selling of advertising space on the Consolidated Entity's own online properties, third party websites, and multiple Free WiFi incorporating IPTV platforms operated by the Consolidated Entity.
- Exploring avenues for the provision of technical services on Free WiFi IPTV platforms, The Business Show, and online music talent competitions.

OPERATING RESULTS

The consolidated operating revenue of the Group increased by 18.73% to \$472,946 for the financial year compared to \$398,335 in the previous year.

The consolidated operating loss after income tax of the Group decreased by 34.39% to \$1,398,729 for the financial year compared to a loss of \$2,131,914 in the previous year.

REVIEW OF OPERATIONS

Highlights

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- overheads and costs declined by more than \$733,000 in past year.
- Revenue improved by 18.7%.
- Repositions business to China.
- Agreements in respect of a number of significant branded TV channels on uctv.fm are being finalised and are expected to be signed off in coming weeks.
- Go JLJ Entertainment has reached initial agreement on the terms of cooperation with the national satellite TV station on the broadcasting and production of the JJ5TV.com reality TV show.
- Jermajesty Holdings has also successfully negotiated a 25% equity interest free of capital contribution in the Tianjin Arts and Entertainment development project ("Tianjin Project").
- The Tianjin Project will involve an investment estimated by Jermajesty Holdings' development partner of US\$200 million. The development partner and a consortium of investors organised by the partner will be funding the investment.

Implementation of the corporate restructuring plan by amalgamating the businesses of GoConnect Australia, PLW Entertainment, and Undercover into a single business unit since the previous financial year has continued to provide substantial savings in operating costs to the Group. More importantly, the restructuring led to savings in costs and overheads and, accordingly, contributed substantially to the reduction of over \$733,000 in Group operating loss for the financial year compared to the previous financial year. Total number of employees decreased from 30 at June 2011 to 8 full time employees as at 30 June 2014.

As part of the corporate restructuring, GoConnect has recently relocated its office from Prahran to East Melbourne, Victoria, which has led to ongoing annual saving in the order of approximately \$120,000 in rental expense.

During the financial year under review, the Group dedicated its resources and management time almost exclusively to building up its China businesses of Jermajesty Holdings and Go JLJ Entertainment to the extent that management is now in a position to refocus the Group's business strategy on the China market and on 25 July 2014, GoConnect announced to the ASX:

"GoConnect repositions corporate strategy

The decision to shift the company's business focus from Australia to China is that GoConnect has over 14 years built up significant technical and commercial know how ideally suited to Chinese enterprises. Over the past 12 months, Jermajesty Holdings and Go JLJ Entertainment have made progress on a scale far in excess of what is possible in Australia. GCN's management has built trusted relationships in China over almost 30 years and these relationships are key to the future success in China of Jermajesty Holdings and Go JLJ Entertainment. These relationships of trust enable significant time savings for the development of GCN's new projects."

GoConnect's China focused strategy is expected to derive for the Group substantial earnings and asset value in the coming years.

Internet Protocol TV (IPTV)

uctv.fm

GoConnect's IPTV network uctv.fm continues to expand its audience reach and program mix via in-house production and repackaging of third party content. High quality content providers are keen to leverage off GoConnect's already established global IPTV distribution infrastructure and this advantage has enabled GoConnect to attract the interest of significant branded content providers to establish their own branded TV channels on uctv.fm. Agreements in respect of a number of significant branded TV channels on uctv.fm are being finalised and are expected to be signed off in coming weeks. These branded TV channels are expected to generate significant revenue and audience traffic for uctv.fm and GoConnect will retain 50% equity interest of these channels.

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While the traditional media industry continues to lose audience rapidly and is in turmoil, the Group will continue to expand its audience reach and to explore opportunities of collaborating with the traditional media industry in Australia and China. GoConnect's IPTV channel uctv.fm is available globally via LG connected TV to over 50 million households while including LG Blu-Ray players and set-top boxes, the uctv.fm audience reach via various LG devices is estimated to exceed 100 million households. uctv.fm is also available on all brands of smartphones globally. The smartphone distribution infrastructure of uctv.fm adds an audience reach estimated to far exceed what is available on LG devices.

Go JIJ Entertainment (40% owned by GoConnect)

Having established such a significant global audience reach since 2010 for uctv.fm, GoConnect has embarked on a quality content strategy since the past 18 months to ensure that uctv.fm is able to capture a significant portion of the global audience reach to support advertising sales. Accordingly, a number of content partnerships were established during the last two financial years including the establishment of Go JIJ Entertainment Pty Ltd, together with Jermaine Jackson and his associate. GoConnect has a 40% equity interest in Go JIJ Entertainment.

GoConnect and Go JIJ Entertainment have finalised the development of JJ5TV.com music competition, powered by GoConnect's Soundcheck online music competition platform. JJ5TV.com's mission is to discover a band to be called "Five" in China modelled on the legendary Jackson 5. Jermaine Jackson, the original lead singer of the Jackson 5, will personally mentor and coach the finalist contestants of JJ5TV.com who will compete in a final event to determine which winning band of 5 members will become the band called Five. JJ5TV.com reality TV show will be distributed worldwide on uctv.fm and within China on national satellite TV by one of the top 4 satellite TV stations in China, on online TV via sohu.com and on a network of over 100,000 out-of-home digital TV screens with over 600 million daily audience. The collective viewing audience is estimated to be 1 billion people in China. Go JIJ Entertainment has reached initial agreement on the terms of cooperation with the national satellite TV station on the broadcasting and production of the JJ5TV.com reality TV show and a detailed agreement is expected to be entered into in coming weeks. Soon as this agreement is executed, DDB China, our advertising agent responsible for securing sponsors for JJ5TV.com, will be in a position to finalise a number of commercial sponsors for JJ5TV.com.

Go JIJ Entertainment has during the financial year entered into a framework agreement with the state owned Guangxi Satellite TV, one of China's major free to air TV broadcasters. Under the agreement, Go JIJ Entertainment will partner with Guangxi Satellite TV to jointly develop "China Hollywood City" in the Guangxi Province.

The project, to be named **China Cinematic Crystal City ("CCCC")** has been approved by the Guangxi Provincial Government. The original concept of Crystal City was conceived and developed by Jermaine Jackson, founding shareholder and Chairman of Go JIJ Entertainment.

The objective of CCCC is to establish a fully functional centre to foster the development and expansion of China's movie and TV industry. CCCC will **be the go to place where Hollywood and China's entertainment industry stakeholders meet to do business.** CCCC will embrace a range of activities including movie production facilities, TV studios, green screen studios, soundstages, post-production, CG and animation facilities for films and TV shows, a school for film, TV and professional acting. CCCC will become the official headquarters for the global movie industry in China and the place to produce movies for the rapidly expanding Chinese entertainment market. It will also provisionally host a 5-star Jermajesty Hotel & Resort, a Jackson Life Museum and Entertainment Centre, a movie based theme park, a Walk of Fame, commercial and residential developments. Upon completion of development of CCCC, Go JIJ Entertainment expects to derive substantial asset value and revenue from CCCC.

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Jermajesty Holdings (20% owned by GoConnect)

GoConnect's close working relationship with Jermaine Jackson in the development of JJ5TV.com led to the incorporation of Jermajesty Holdings Pty Ltd in April 2013. GoConnect has 20% equity interest in Jermajesty Holdings. The company will generate revenue from hospitality management contracts and will own significant assets from equity in selective projects.

During the financial year, Jermajesty Holdings executed an agreement with Dalian Central City Property Development Co Ltd ("Dalian Central City") for an equal partnership in the development of the Dalian New Airport project on land that belongs to Dalian Central City. The project is a mixed-use development proposed by Jermajesty holdings of initially 400,000 sq meters, now extended to 660,000 sq meters, of commercial, hospitality and wellness, entertainment, retail, serviced apartments, and other complementary properties.

Jermajesty Holdings has also successfully negotiated a 25% equity interest free of capital contribution in the Tianjin Arts and Entertainment development project ("Tianjin Project") located in Tianjin city in close proximity to the Tianjin Science and Technology University. The Tianjin Project is located in an area with a daily traffic flow of over 1 million people daily. The Tianjin Project will involve an investment estimated by Jermajesty Holdings' development partner of US\$200 million. The development partner and a consortium of investors organised by the partner will be funding the investment. Jermajesty Holdings will license the Jackson Life Museum and Entertainment brand to the Tianjin Project as well as developing the Jackson Academy of Performing Arts within the project.

Jermajesty Holdings is currently working with Sino Investment Services Pty Ltd on the listing of the company on the "Over the Counter" market on a Chinese stock exchange. Upon the successful listing of Jermajesty Holdings, GoConnect will be able to demonstrate the significant market value of its 20% stake in Jermajesty Holdings.

Priority One partnership

In accordance with the partnership agreement between the Company and Priority One Network Group Ltd ("Priority One") in 2011, GoConnect agrees to co-develop seven new channels on uctv.fm with Priority One. The IPTV capability, resources and worldwide distribution of uctv.fm that the Company has provided to Priority One under this agreement, has led to a number of cooperation agreements between Priority One and substantial third parties, including the recently announced content and mobile/e-commerce partnership agreements between Priority One and Double Eagle/China Merchants Bank for China Merchants Bank's 45 million plus card customers, and with Airtel Lanka for Airtel's 300 million plus mobile subscribers. The Company and Priority One will share equally in the net revenue under these agreements in accordance with the 2011 agreement. A number of similar agreements between Priority One and other third parties can be expected in the short term.

The Group is proactively working on all of the above matters directly and with its partners. The directors are confident that the Group will be successful in the above matters and, together with availability of existing credit facility, completion of the capital raising announced to ASX on 4 August 2014, and an improved generation of revenue from the expanding suite of online properties and from our China businesses, have accordingly prepared the financial report on a going concern basis.

Centurion Securities and Investment Services

On 25 August 2014, the Company announced: that it has received a formally binding off-market unconditional offer, under Chapter 6 of the Corporations Act, from Centurion Securities and Investment Services Pty Ltd ("Centurion") to acquire all of the issued shares in GoConnect via a pro-rata scrip acquisition on the basis of 1 (one) existing Priority One share held by Centurion for 8 GoConnect shares ("the Offer"). The Offer has no

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minimum acceptance condition. Centurion has appointed Novus Capital (AFSL-238168), to advise on and manage the Offer. Centurion has advised the Company that it is preparing a Bidder's Statement for the Offer.

On 24 September 2014, the Company advised the ASX that it has entered into a licence agreement with Centurion for the licensing of the company's music news and video content portal undercover.fm. undercover.fm has been established for a number of years and is a portal highly regarded by the music industry for the promotion of celebrity artists. The licensing deal is for an upfront sign on fee payable to GoConnect of 16.67 million Priority One shares owned by Centurion plus a 5% royalty on net revenue. The agreement is for 10 years with option for a further 10 years, commencing on 30 September 2014. Centurion has also the option, at the discretion of GoConnect, to purchase the licence outright by 30 June 2015 for a further \$5 million or have the consideration payable in 16.67 million Priority One shares.

FUTURE DEVELOPMENT, PROSPECTS AND BUSINESS STRATEGIES

GoConnect's primary corporate objective is to establish the company as a major IPTV media company. As well as promoting the Group's existing properties on our own IPTV network, the Group's strategy has also been to make use of the advertising inventory generated as a currency and our intellectual properties to partner with and secure equity in businesses that are synergistic with our IPTV media businesses or can make use of our marketing platforms on IPTV.

With the restructuring of GoConnect's businesses in place, the Group has derived substantial savings from the reorganization of the past 24 months. The restructured GoConnect is now more cost effective, more revenue focused, and is benefiting from a range of opportunities from a wider and more integrated range of media products both here in Australia and in China, with an expanded revenue and asset base.

To improve operating cash flow and maximise shareholder wealth, the Group will focus on the following developments in the next 12 months:

- Launching the Jermaine Jackson Presents 4 part event in China successfully with a number of major sponsors and media distribution partners. In this regard, DDB China, one of the top 10 advertising agents in China, is working closely with Go J LJ Entertainment to secure these sponsors.
- Expanding the uctv.fm IPTV distribution platforms;
- Capitalising on the uctv.fm IPTV network and continue to improve its value by aggregating and producing branded entertainment and infotainment content;
- Utilising uctv.fm to provide media marketing support to businesses such as Priority One and Centurion, that are synergistic to the GoConnect business model, and
- Assisting Jermajesty Holdings and Go J LJ Entertainment to implement and expand their China projects, and revenue generating businesses.

These developments, together with the current businesses of the Group are expected to deliver a positive cash flow and increase enterprise value of the Group.

FINANCIAL POSITION

The net assets of the Group decreased by \$1,276,729 from 30 June 2013 to net capital deficiency of \$1,923,485 in 2014.

The Consolidated Entity experienced operating losses and negative operating cash flows during the year ended 30 June 2014. The continuing viability of the Consolidated Entity and its ability to continue as a going concern

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

and meet its debts and commitments as they fall due is dependent on it being successful in achieving cash inflow from media revenue including advertising, sponsorships, and licensing of its technologies. The directors believe that the Consolidated Entity will be successful in the above matters and have prepared the financial report on a going concern basis.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There is no significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

AFTER BALANCE DATE EVENTS

We refer you to both the projects discussed in the above in the Review of Operations and the announcements made to the ASX as listed below:

- 4/8 Placement by GoConnect Pty Ltd;
- 28/8 Offer to acquire GoConnect Ltd shares by Centurion Securities and Investment Services Pty Ltd;
- 4/9 GoConnect Ltd to host and deliver video content for Priority One and Double Eagle with e-commerce deal in China and China Merchant bank and China Union Pay;
- 24/9 GoConnect Ltd licenses undercover.fm to Centurion Securities and Investment Services Pty Ltd;
- 25/9 GoConnect shares in video content and mobile commerce deal with Airtel and Priority One Agreement.

Other than these there has not arisen in the interval between the end of the financial year and the date of this report any other items, transactions or events of a material and unusual nature which likely, in the opinion of the directors of the Consolidated Entity, to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

Major programmes, including those discussed earlier in this report under Review of Operations, will be implemented to establish the Consolidated Entity's presence in the Australian and international Internet and IPTV media markets.

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Board Meeting		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Richard Li	3	3	1	1	1	1
Philip Chan	3	3	*	*	*	*
Jermaine L Jackson	0	3	*	*	*	*
Joe Fekete	0	0	1	1	1	1

A= Number of meetings attended.

B= Number of meetings held during the time the director held office or was a member of the committee during the year.

*= Not a member of the board or relevant committee at the time of the meeting.

REMUNERATION REPORT - Audited

Directors

The following persons were key management personnel of GoConnect Limited during the financial year:

Richard Li	Chairman – Executive
Joe Fekete	Non-executive Director (commenced 17 January 2014)
Philip Chan	Non-executive Director
Jermaine L Jackson	Non-executive Director
Paul Wiltshire	Executive Director (Resigned effective on 30 September 2013)

Principles used to determine the nature and amount of remuneration

The principle objectives of the Consolidated Entity's executive reward policies are to ensure reward for performance is competitive and appropriate for the results delivered. The policies seek to align reward with the achievement of strategic targets and the growth of shareholder value. The criteria being used include competitiveness, equitable to shareholders and employees, performance linkage, transparency and capital management. The policies provide for a mix of fixed and variable rewards, blended with long term incentives.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the board. Non-executive directors' fees are determined within an aggregate directors' fees pool limit currently at \$250,000, which is periodically recommended for approval by shareholders.

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

REMUNERATION REPORT – Audited (Continued)

Retirement allowances for directors

The board has not resolved its position on retirement allowances for non-executive directors.

Executive pay

The executive pay and reward framework has three components:

- base pay
- long term incentives through participation in the GoConnect Employee Option Plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Retirement benefits

Retirement benefits are delivered by contribution to an approved complying superannuation fund nominated by the executives. Other retirement benefits may be provided directly by the Consolidated Entity if approved by shareholders.

Service agreements and details of remuneration

Remuneration and other terms of employment for the executives are formalised in service agreements. These agreements provide for base salaries, bonuses at directors' discretion, superannuation, other benefits, participation in the GoConnect Employees Option Plan, and termination procedures. These agreements can be terminated by the Consolidated Entity on 3 months notice or payment in lieu of notice or a combination of both. The agreements may be terminated by the executives on the giving of 3 months notice.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group.

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

REMUNERATION REPORT – Audited (Continued)

Name	Position Held as at 30 June 2014 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives	Shares	Options	Fixed Salary/ Fee	Options	Total
			%	%	%	%	%	%
Richard Li	Chairman – Executive	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Joe Fekete	Non-executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Philip Chan	Non-executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Jermaine L Jackson	Non-executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Paul Wiltshire	Executive Director	(Resigned effective on 30 September 2013).	-	-	-	-	-	-

Details of the remuneration of each key management personnel, including each director of GoConnect Limited and Group executives of the Consolidated Entity, including their personally-related entities, are set out in the following tables.

Name	2014			Post-employment Superannuation	Long-term benefits LSL	Equity Options	Total
	Short-term benefits						
	Salary, fees and leave	Cash bonus	Non-monetary benefits				
	\$	\$	\$	\$	\$	\$	\$
Richard Li	120,000	-	-	10,800	2,000	87,143	219,943
Joe Fekete ¹⁾	70,000	-	-	-	-	4,357	74,357
Philip Chan	30,000	-	-	-	-	-	30,000
Jermaine L Jackson	-	-	-	-	-	17,429	17,429
Paul Wiltshire ²⁾	-	-	-	-	-	-	-
Total	220,000	-	-	10,800	2,000	108,929	341,729

1) Appointed as director 17 January 2014

2) Resigned as a director effective on 30 September 2013

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

REMUNERATION REPORT – Audited(Continued)

2013	Short-term benefits			Post-employment	Long-term benefits	Equity	
Name	Salary, fees and leave	Cash bonus	Non-monetary benefits	Superannuation	LSL	Options	Total
	\$	\$	\$	\$	\$	\$	\$
Richard Li	120,000	-	-	10,800	2,000	237,397	395,403
Paul Wiltshire ²⁾	32,083	-	-	2,888	535	-	35,506
Philip Chan	30,000	-	-	-	-	23,740	53,740
Jermaine L Jackson	-	-	-	-	-	-	-
Total	182,083	-	-	13,688	2,535	261,137	459,443

Options granted

Name	Balance 1.7.2013	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2014	Vested and exercisable 30.6.2014
Richard Li	10,000,000	10,000,000	-	-	-	20,000,000	20,000,000
Joe Fekete	-	500,000	-	-	-	500,000	500,000
Philip Chan	1,000,000	-	-	-	-	1,000,000	1,000,000
Jermaine L Jackson	-	2,000,000	-	-	-	2,000,000	2,000,000
Paul Wiltshire	-	-	-	-	-	-	-
Total	11,000,000	12,500,000	-	-	-	23,500,000	23,500,000

Name	Balance 1.7.2012	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2013	Vested and exercisable 30.6.2013
Richard Li	10,000,000	-	-	-	-	10,000,000	10,000,000
Paul Wiltshire	10,000,000	-	(10,000,000)	-	-	-	-
Philip Chan	1,000,000	-	-	-	-	1,000,000	1,000,000
Jermaine L Jackson	-	-	-	-	-	-	-
Total	11,000,000	-	-	-	-	11,000,000	11,000,000

Name	Granted	Vested	Exercised	Lapsed	Grant date	Value per option at grant date	Exercise price	First exercise date	Last exercise date
	Number	Number	Number	Number		\$	\$		
Richard Li	10,000,000	10,000,000	-	-	26.2.2014	0.009	0.020	26.2.2014	26.2.2019
Joe Fekete	500,000	500,000	-	-	26.2.2014	0.009	0.020	26.2.2014	26.2.2019
Jermaine L Jackson	2,000,000	2,000,000	-	-	26.2.2014	0.009	0.020	26.2.2014	26.2.2019
Paul Wiltshire	-	-	-	-	-	-	-	-	-
Total	12,500,000	12,500,000	-	-					

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

REMUNERATION REPORT – Audited (Continued)

Description of Options issued

Details of the options granted to those KMP listed in the previous table are as follows:

Grant date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise price \$	Value per option at grant date \$	Amount Paid/ Payable by Recipient \$
26.2.2014	GoConnect Ltd	1:1 Ordinary Shares in GCN	From vesting date to 26.2.2019	0.020	0.009	0.00

Options are granted to the directors and Group executives as part of their remuneration. The options are not issued based on performance criteria for individuals, but are intended to increase goal congruence between executives, directors and shareholders. The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

These Options were granted under the GoConnect Employee Option Plan and the GoConnect Non-executive Directors Option Plan.

Options were granted under the Plans for no consideration.

Options granted under the Plans carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Value was attributed to this reporting period on the options granted above using a Black–Scholes pricing model which incorporates all market vesting conditions including:

- the life, vesting condition, non-transferability, and exercise price of the options,
- the current price of the underlying shares,
- the expected volatility of the share price,
- the dividends that can be expected from the shares, and
- the risk free interest rate for the life of the options.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares issued on the Exercise of Compensation Options

During the year and up to date of this report, no share in GoConnect Limited was issued on the exercise of options granted as compensation in prior years.

SHAREHOLDINGS

Number of shares held by Key Management Personnel, including their personal and related entities

Name	Balance 1.7.2013	Received as compensation	Options exercised	Other changes	Balance 30.6.2014
Richard Li	71,994,161	-	-	(1,855,803)	70,138,358
Joe Fekete *	-	-	-	500,000	500,000
Philip Chan	-	-	-	-	-
Jermaine L Jackson	-	-	-	-	-
Paul Wiltshire#	3,174,440	-	-	(3,174,440)	-

* Joe Fekete was appointed on 17 January 2014, there is 500,000 shares held by related entities.

Paul Wiltshire resigned as a director effective on 30 September 2013.

DIRECTORS' REPORT

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

REMUNERATION REPORT – Audited (Continued)

Name	Balance 1.7.2012	Received as compensation	Options exercised	Other changes	Balance 30.6.2013
Richard Li	74,887,271	-	-	(2,893,110)	71,994,161
Philip Chan	-	-	-	-	-
Jermaine L Jackson	-	-	-	-	-
Paul Wiltshire	3,174,440	-	-	-	3,174,440

INSURANCE OF OFFICERS

The Consolidated Entity as at 30th June 2014 does not maintain a directors' and officers' insurance policy for the benefit of the directors and executive officers of the Consolidated Entity. The Board is looking to reinstate the insurance policy in the 2014/15 financial year which will grant indemnity against liabilities permitted to be indemnified by the Consolidated Entity under Section 199B of the Corporations Act 2001.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the declaration of any dividend for the year ended 30 June 2014.

ENVIRONMENTAL REGULATION

The operations of the Consolidated Entity are not subject to any particular and significant environmental regulation.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court.

NON-AUDIT SERVICES

There is no non-audit service provided by the auditors during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2014 has been received and can be found on page 22.

This report is made in accordance with a resolution of the board of directors of the Company.



RICHARD LI
CHAIRMAN

Dated at Melbourne this 30th day of September 2014.

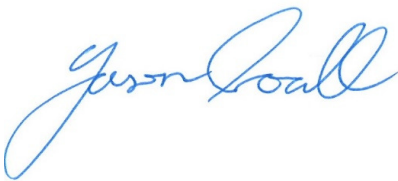
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of GoConnect Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



J S CROALL
Partner

Melbourne, VIC
Dated: 30 September 2014

GOCONNECT LIMITED
ACN 089 240 353
AND CONTROLLED ENTITIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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The financial report covers both GoConnect Limited as an individual entity and the consolidated entity consisting of GoConnect Limited and its controlled entities.

GoConnect Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

GoConnect Limited
Level 3
112 Wellington Parade
East Melbourne VIC 3002,
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 9-21.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

		Consolidated Group	
	Notes	2014	2013
		\$	\$
Revenue	3	472,946	398,335
Virtual Internet Service network operating costs		(55,315)	(82,534)
Employee benefits expense		(1,104,814)	(1,613,656)
Depreciation and amortisation expenses		(32,146)	(67,634)
Finance costs		(249,118)	(56,713)
Research and development expense		-	(854)
Impairment loss		-	(30,796)
Office rent expense		(226,515)	(202,668)
Provision of Doubtful debts		(15,028)	(87,723)
Legal expense		(11,899)	(99,748)
Auditor Remuneration		(48,180)	(44,000)
Other expenses		(128,660)	(243,923)
Share of net loss of associates	13	-	-
Loss before income tax		(1,398,729)	(2,131,914)
Income tax expense	6	-	-
Loss for the year	4	(1,398,729)	(2,131,914)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,398,729)	(2,131,914)
Loss attributable to:			
Members of the parent entity		(1,398,729)	(2,131,914)
Non-controlling interest		-	-
		(1,398,729)	(2,131,914)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,398,729)	(2,131,914)
Non-controlling interest		-	-
		(1,398,729)	(2,131,914)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	7	(0.1)	(0.2)
Diluted loss per share (cents)	7	(0.1)	(0.2)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

	Notes	Consolidated Group	
		2014	2013
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	8	159	915
Trade and other receivables	9	296,018	194,965
Inventories	10	-	1,452
Other financial asset	11	20	20
Total current assets		296,197	197,352
Non-current assets			
Plant and equipment	12	5,152	18,814
Investments accounted for using the equity method	13	40	40
Intangible assets	14	4,336,471	4,422,387
Total non-current assets		4,341,663	4,441,241
Total assets		4,637,860	4,638,593
LIABILITIES			
Current liabilities			
Trade and other payables	15	4,781,664	4,079,087
Short-term provisions	17	66,330	74,133
Total current liabilities		4,847,994	4,153,220
Non-current liabilities			
Borrowings	16	1,710,123	1,127,562
Long-term provisions	17	3,228	4,567
Total non-current liabilities		1,713,351	1,132,129
Total liabilities		6,561,345	5,285,349
Net assets (liabilities)		(1,923,485)	(646,756)
EQUITY			
Issued capital	18(A)	45,041,170	45,041,170
Reserves	18(B)	772,000	650,000
Accumulated losses		(47,761,155)	(46,362,426)
Parent interest		(1,947,985)	(671,256)
Non-controlling interest		24,500	24,500
Total equity		(1,923,485)	(646,756)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

Notes	Consolidated Group					Total \$
	Share Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Capital Reserve \$	Non- controlling interests \$	
	Balance at 1 July 2012	43,438,603	(44,230,512)	829,783	24,114	
Loss for the year	-	(2,131,914)	-	-	-	(2,131,914)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	(2,131,914)	-	-	-	(2,131,914)
Transactions with owners, recorded directly in equity					-	
Shares issued during the year, net of transaction costs	1,602,567	-	(488,400)	(24,114)	-	1,090,053
Recognition of share based remuneration	-	-	308,617	-	-	308,617
Total transactions with owners	1,602,567	-	(179,823)	(24,114)	-	1,398,670
Balance at 30 June 2013	45,041,170	(46,362,426)	650,000	-	24,500	(646,756)
Balance at 1 July 2013	45,041,170	(46,362,426)	650,000	-	24,500	(646,756)
Loss for the year	-	(1,398,729)	-	-	-	(1,398,729)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	(1,398,729)	-	-	-	(1,398,729)
Transactions with owners, recorded directly in equity						
Recognition of share based remuneration	-	-	122,000	-	-	122,000
Total transactions with owners	-	-	122,000	-	-	122,000
Balance at 30 June 2014	45,041,170	(47,761,155)	772,000	-	24,500	(1,923,485)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

		Consolidated Group	
	Notes	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from customers		220,682	80,491
R&D Tax Offset Rebate		-	283,543
Payments to suppliers and employees		(852,526)	(1,074,292)
Interest received		-	174
Finance costs		-	(5,592)
Net cash used in operating activities	19(B)	(631,844)	(715,676)
Cash flows from investing activities			
Investment cost		-	(788)
Loans to related entities		(411)	(5,577)
Purchase of property, plant and equipment		-	(6,579)
Net cash used in investing activities		(411)	(12,944)
Cash flows from financing activities			
Proceeds from issue of shares		-	500,000
Proceeds from borrowings		631,088	227,929
Net cash provided by financing activities		631,088	727,929
Net increase (decrease) in cash held		(756)	(691)
Cash at beginning of financial year		915	1,606
Cash at end of financial year	19(A)	159	915

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

These consolidated financial statements and notes represent those of GoConnect Limited and controlled entities ('Consolidated Group' or 'Group').

The separate financial statements of the parent entity, GoConnect Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations; other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by GoConnect Limited at the end of the reporting period. A controlled entity is any entity over which GoConnect Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

1. the consideration transferred;
2. any non-controlling interest; and
3. the acquisition date fair value of any previously held equity interest;

Over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

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GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

(b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

GoConnect Limited and its wholly-owned subsidiaries other than Uctv.fm Pty Ltd, Asia IPTV Pty Ltd and EcoConnect Australia Pty Ltd have formed an income tax consolidated entity under tax consolidation legislation. Each entity in the tax consolidated entity recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated entity to apply from 1 July 2003. The tax consolidated entity has entered a tax funding arrangement whereby each company in the tax consolidated entity contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any

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accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Office and computer equipment	20 – 50%
Furniture and fittings	12.5 – 13%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(e) Financial instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

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The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associate or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(g) Investment in associate

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the

NOTES TO THE FINANCIAL STATEMENTS

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investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are shown at Note 13.

(h) Intangible assets

Research and development and software

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Management Contracts and Recording Agreements

AASB138 prescribes treatment of Intangible Assets that are not dealt with specifically in other standards.

AASB3 requires intangible assets acquired in a business combination other than goodwill to be measured at its fair value at the acquisition date. The fair value of intangible assets is estimated by discounting estimated future net cash flows from the asset.

After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Management Contracts and Recording Agreements have finite useful lives ranging from 3-5 years. The depreciable amounts of the contracts and agreements are allocated on a straight-line basis over their useful lives and calculated annually.

(i) Foreign currency transactions and balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

(j) Employee benefits

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Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirement. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Revenue recognition

- (i) Revenues derived from the provision of advertisements in the form of audio/video commercials and banners on the Company's various free WiFi, online, and IPTV platforms are recognized either on the time basis or based on varying price per thousand advertising impressions each advertisement is received by the end users over the period that the impressions are published.
- (ii) Commission income derived from e-commerce transactions is recognized on the basis of successful conclusion of e-commerce transactions.
- (iii) Revenues received in advance from the provision of advertisements over multiple periods are initially recognised as deferred income and are recognised as revenue over the periods in which the advertisement impressions are published.
- (iv) Subscriptions for the Pay ISP are recognised as services are rendered.
- (v) Research and Development tax offset rebate is recognised as Research and Development government grant when received.
- (vi) Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.
- (vii) Music production revenue is recognised at the point of completion of production.
- (viii) Music sale revenue is recognised at the point of delivery to customers.
- (ix) Artist management commission revenue is recognised when Artist's income is received.

All revenue is stated net of the amount of goods and services tax (GST)

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

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All other borrowing costs are recognised in income in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(p) Going concern

The Company and Consolidated Entity experienced operating losses of \$1,761,671 (2013 \$1,733,639) and \$1,398,729 (2013: \$2,131,914) during the financial year ended 30 June 2014, respectively. The Consolidated entity experienced negative operating cash flows of \$631,844 (2013: \$715,676) during the financial year ended 30 June 2014. Furthermore, at 30 June 2014 the Consolidated Entity had:

- cash balances of \$159 (2013: \$915);
- net current liabilities of \$4,551,797 (2013: \$3,955,868); and
- net tangible liabilities of \$6,259,956 (2013: \$5,069,143).

These factors indicate a significant uncertainty as to whether the Company and Consolidated Entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

However the Directors believe that there are reasonable grounds to believe that the Company and Consolidated Entity will be able to continue as going concerns, after consideration of the following factors:

- The Company and Consolidated Entity are able to draw down on an unused credit facility of \$789,877 from a related entity, Sino Investment Services Pty Ltd and are able to realise current receivables of \$296,018. The ability for Sino Investment Services Pty Ltd to provide the unused credit facility is contingent on the value of its investments and the ability for the value of these shares to be realised.
- As announced on 4th August 2014, GoConnect has undertaken a placement of shares to raise capital of \$1.5m plus an oversubscription of \$400,000. The initial placement of \$1.5m is underwritten by Sino Investment Services Pty Ltd of which \$1m has been applied for by Centurion Securities and Sino Investment Services Pty Ltd. As at 30 September 2014, the amount of \$400,000 has been received as subscription and discussions are being finalised for the further \$1 million dollar subscription.

NOTES TO THE FINANCIAL STATEMENTS

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- The company signed a Music Portal Service Agreement with Centurion Securities and Investment Services Pty Ltd for the licensing of the company's music news and video content portal undercover.fm. The licensing deal is for an upfront sign-on fee payable to GoConnect of 16.67 million Priority One Network Group Ltd shares owned by Centurion plus a 5% royalty on net revenue. The agreement is for 10 years with option for a further 10 years, commencing on 30 September 2014. Centurion has also the option, at the discretion of GoConnect, to purchase the licence outright by 30 June 2015 for a further \$5 million or have the consideration payable in 16.67 million Priority One shares.

The continuing viability of the Company and the Consolidated Entity and their ability to continue as going concerns and meet their debts and commitments as they fall due are subject to the Company and Consolidated Entity being successful to:

- Launching the Jermaine Jackson Presents 4 part event in China successfully with a number of major sponsors. In this regard, DDB China, one of the top 10 advertising agents in China, is working closely with Go JIJ Entertainment Pty Ltd to secure these sponsors.
- Expanding the uctv.fm IPTV distribution platforms; Capitalising the uctv.fm IPTV network and continue to improve its value by aggregating and producing quality entertainment and infotainment content;
- Streaming of music content through undercover.fm licensed to Centurion;
- Utilising uctv.fm to provide media marketing support to businesses that are synergistic to the GoConnect business model; and
- Assisting Jermajesty Holdings Pty Ltd ("Jermajesty") to expand its hospitality Project portfolio, its management income and assets.

In addition to the above Jermajesty is currently finalising a capital raising for \$3.5m for 1.16% of its expanded issued capital to fund its operations which is expected to be finalised shortly. If this capital raising is successful, a significant amount of cash revenue will also be generated by the Consolidated Entity through its partnership arrangement with Jermajesty.

The Consolidated Entity is proactively working on all of the above matters directly and with its partners. The directors are confident that the Consolidated Entity will be successful in the above matters.

Accordingly, the Directors believe that the Company and Consolidated Entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

(q) Critical Accounting Estimates and Judgments

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(a) and 1(f). The recoverable amounts of cash-generating units

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

have been determined based on fair value less cost and value-in-use calculations. These calculations require the use of assumptions.

Refer to note 14 for details of these assumptions and the potential impact of changes to the assumptions

Key judgments

(i) Provision for impairment of receivables

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may led to impairment of assets.

Included in royalty advances at the end of the reporting period are up-front payments to artists in relation with management contract and recoding agreements. Management assessed royalty advances by using value-in-use calculations, which incorporate various key assumptions. The directors understand that the full amount of the debt is unlikely to be recoverable from future royalties payable to artists, and therefore royalty advances are carried in the statement of financial position at a written-down value of \$Nil after impairment loss.

(r) **New standards and interpretations issued but not yet effective**

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015 (Changed to 1 January 2017 by AASB 2013-9C)
2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015
2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial</i>	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014

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GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

	<i>Liabilities</i>		
2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	This Standard amends the disclosure requirements in AASB 136 to include additional disclosures about the fair value measurement and discount rates when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014
2013-9B	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	Part B of 2013-9 makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, and makes various editorial corrections to Australian Accounting Standards.	1 January 2014
2014-1A	<i>Amendments to Australian Accounting Standards</i>	Part A of 2014-1 amends various standards as a result of the annual improvements process	1 July 2014
2014-1B	<i>Amendments to Australian Accounting Standards</i>	Part B of AASB 2014-1 makes amendments to AASB 119 <i>Employee Benefits</i> in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014
2014-1C	<i>Amendments to Australian Accounting Standards</i>	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.	1 July 2014
AASB 1031	<i>Materiality</i>	Re-issuance of AASB 1031	1 January 2014

2. PARENT INFORMATION

2014 2013
\$ \$

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

STATEMENT OF FINANCIAL POSITION

ASSETS

Current assets	110,438	82,792
Non-Current assets	<u>1,879,389</u>	<u>2,832,907</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

Total assets	1,989,827	2,915,699
LIABILITIES		
Current liabilities	2,915,297	2,201,498
Non-Current liabilities	962,682	962,682
Total liabilities	3,877,979	3,164,180
EQUITY		
Issued capital	45,041,170	45,041,170
Reserves	772,000	650,000
Accumulated loss	(47,701,322)	(45,939,651)
Total equity	(1,888,152)	(248,481)
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	1,761,671	1,733,639
Total comprehensive loss	1,761,671	1,733,639

3. REVENUE

	Note	Consolidated Group	
		2014	2013
		\$	\$
Media subscriptions and ISP subscriptions		1,155	6,898
Music production and artist management		19,918	2,018
Advertising sales and commissions		426,227	77,491
R&D Tax Offset Rebate		-	283,543
		447,299	369,950
OTHER REVENUE			
Interest – other persons		-	174
Other income		25,647	28,211
TOTAL REVENUE		472,946	398,335

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

4. LOSS FOR THE YEAR

	Note	Consolidated Group	
		2014	2013
		\$	\$
Loss before income tax from continuing operations includes the following specific expenses:			
Expenses			
Depreciation of property, plant and equipment		10,667	12,280
Amortisation of intangible assets		21,479	67,750
Rental expense relating to operating leases		226,515	202,668
Provision for employee entitlements – net		(9,142)	11,455
Bad and doubtful debt - others		15,236	87,790
Finance costs		249,118	56,713
Research and development		-	854
Legal fee and disbursement		11,899	99,748
Share based remuneration		122,000	308,616

5. AUDITOR'S REMUNERATION

Remuneration for audit or review of the financial reports of the Parent Entity or any entity in the Consolidated Entity:	48,180	44,000
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6. INCOME TAX EXPENSE

(A) The prima facie tax (credit) on profit (loss) before income

Prima facie tax payable (credit provided) on profit (loss) before income tax at 30% (2013: 30%)

- Consolidated Entity	(522,937)	(613,729)
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Tax effect of

- Deferred tax asset not brought to account	522,937	613,729
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Income tax attributable to the entity

	-	-
	0%	0%

The applicable weighted average effective tax rates are as follows:

(B) The directors estimate that the potential deferred tax asset at balance date in respect of tax losses not brought to account is:

	10,389,812	9,866,875
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

7. LOSS PER SHARE

	Note	Consolidated Group	
		2014 Cents	2013 Cents
Basic loss per share		(0.1)	(0.2)
Diluted loss per share		(0.1)	(0.2)
		2014	2013
		\$	\$
Loss used in the calculation of basic and diluted loss per share		(1,398,729)	(2,131,914)
		Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share		960,817,263	960,817,263

As at 30 June 2014, 27,000,000 (2013: 13,000,000) options were on issue. None of these options are considered dilutive.

8. CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2014 \$	2013 \$
Cash at bank and in hand		159	915
The weighted effective rate on cash at bank		0%	3.46%

9. TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2014 \$	2013 \$
CURRENT			
Trade receivables		282,233	12,124
Provision for impairment	9a(i)	(1,642)	(8,824)
		280,592	3,300
Other receivables		15,426	26,873
Amounts receivable from associated companies		74,785	74,523
Provision for impairment from associated companies	9a(ii)	(74,785)	(65,898)
GST clearing account		-	156,167
Total current trade and other receivables		296,018	194,965

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Note	Consolidated Group	
		2014	2013
		\$	\$
a(i) Provision for current trade receivables			
Opening balance at beginning of year		8,824	-
Charge for the year		1,642	8,824
Amounts written off		(8,824)	-
Closing balance at end of year		<u>1,642</u>	<u>8,824</u>
a(ii) Provision for amounts receivable from associated companies			
Opening balance at beginning of year		65,898	65,898
Charge for the year		8,887	-
Closing balance at end of year		<u>74,785</u>	<u>65,898</u>

Credit Risk — Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 9. The class of assets described as Trade and other receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia only.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Consolidated	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2014	\$	\$	\$	\$	\$	\$	\$
Trade receivables	282,233	1,641	-	-	-	-	280,592
Other receivables	15,426	-	-	-	-	-	15,426
Amounts receivable from associated companies	74,785	74,785	-	-	-	-	-
GST Clearing account	-	-	-	-	-	-	-
Total	372,444	76,426	-	-	-	-	296,018
2013							
Trade receivables	12,124	8,824	-	-	33	1,617	1,650
Other receivables	26,873	-	-	-	-	-	26,873
Amounts receivable from associated companies	74,523	65,898	-	-	-	-	8,625
GST Clearing account	156,167	-	-	-	-	-	156,167
Total	269,688	74,722	-	-	33	1,617	193,315

Neither the group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

	Note	Consolidated Group	
		2014 \$	2013 \$
b. Financial assets classified as loans and receivables			
Trade and other receivables	22	296,018	194,965
c. Collateral held as security			
No Collateral has been received for amounts owing to the Group and Parent Entity.			
d. Collateral pledged			
No charge over trade receivables has been provided for during the year.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

10. INVENTORIES

	Note	Consolidated Group	
		2014	2013
		\$	\$
Current		-	1,452

11. OTHER FINANCIAL ASSET

	Note	Consolidated Group	
		2014	2013
		\$	\$
Available-for-sale financial assets: - shares in other corporations		20	20

12. PLANT AND EQUIPMENT

	Note	Consolidated Group	
		2014	2013
		\$	\$
Office and computer equipment – at cost		1,597,972	1,632,013
Less: Accumulated depreciation		(1,593,124)	(1,613,568)
		4,848	18,445
Furniture and fittings – at cost		207,189	207,189
Less: Accumulated depreciation		(206,885)	(206,820)
		304	369
Total property, plant and equipment, at net book value		5,152	18,814

Reconciliations for 2014	Office & computer equipment	Furniture & fittings	Total
	\$	\$	\$
Carrying amount at beginning of year	18,445	369	18,814
Additions	-	-	-
Disposals	(2,995)	-	(2,995)
Depreciation	(10,602)	(65)	(10,667)
Carrying amount at end of year	4,848	304	5,152

Reconciliations for 2013	Office & computer equipment	Furniture & fittings	Total
Carrying amount at beginning of year	24,060	466	24,526
Additions	6,568	-	6,568
Disposals	-	-	-
Depreciation	(12,183)	(97)	(12,280)
Carrying amount at end of year	18,445	369	18,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	Consolidated Group	
		2014	2013
		\$	\$
Investment in an associate		40	40

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the holding entity. Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest		Consolidated carrying amount		Holding entity carrying amount	
		2014	2013	2014	2013	2014	2013
				\$	\$	\$	\$
Unlisted							
Go JLJ Entertainment Pty Ltd (Incorporated in Australia)	Music Entertainment	40% Fully paid ordinary shares	40% Fully paid ordinary shares	40	40	40	40
Pharmasafe Limited (Incorporated in Australia)	Sale of Chinese herbal remedy "Liver Bioguard"	40% Fully paid ordinary shares	40% Fully paid ordinary shares	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Note	Consolidated Group	
		2014	2013
		\$	\$
Movements in carrying amount of investments in associates			
Carrying amount at the beginning of the financial year		40	-
New investment during the year		-	40
Share of loss from continuing activities after income tax		-	-
Carrying amount at the end of the financial year		40	40
Results attributable to associates			
Loss before related income tax		-	(170)
Income tax expense		-	-
Loss from continuing activities after related income tax		-	(170)
Retained loss attributable to associates at the beginning of the financial year		(34,400)	(34,230)
Retained loss attributable to associates at the end of the financial year		(34,400)	(34,400)
Reserve attributable to associates		-	-
Share of associates' contingent liabilities		-	-
Share of associates' expenditure commitments		-	-
Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates			
Current assets of associates		1,960	1,960
Non-current assets of associates		-	-
Total assets of associates		1,960	1,960
Current liabilities of associates		87,761	87,761
Non-current liabilities of associates		-	-
Total liabilities of associates		87,761	87,761
Net liabilities of associates		(85,801)	(85,801)

14. INTANGIBLE ASSETS

	Note	Consolidated Group	
		2014	2013
		\$	\$
Goodwill			
Cost		4,336,471	4,336,471
Accumulated impaired losses		-	-
Net carrying amount		4,336,471	4,336,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

14. INTANGIBLE ASSETS (CONTINUED)

	Note	Consolidated Group	
		2014	2013
		\$	\$
Recording Agreements			
Cost		85,916	214,791
Accumulated amortisation and impairment		(85,916)	(128,875)
Net carrying amount		-	85,916
Total intangibles		4,336,471	4,422,387
Consolidated Group:			
		Goodwill	Recording Agreements
Year ended 30 June 2012			
Balance at the beginning of year		4,336,471	128,874
Amortisation charge		-	(42,958)
Impairment losses		-	-
Closing value at 30 June 2013		4,336,471	85,916
Year ended 30 June 2013			
Balance at the beginning of year		4,336,471	85,916
Amortisation charge		-	-
Impairment losses		-	(85,916)
Closing value at 30 June 2014		4,336,471	-

Recording Agreements was recognised as a result of the acquisition of PLW Entertainment in 2010. Relating to its artist management and music recording businesses. The fair value of intangible assets is estimated by discounting estimated future net cash flows from the asset.

Intangible assets, other than goodwill, have finite useful lives. Future amortisation charges for intangible assets will be included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite useful life.

Impairment tests for goodwill

All goodwill is allocated to the Group's sole cash-generating units which are based on the Group's reporting segment.

	Consolidated Group	
	2014	2013
	\$	\$
IPTV Entertainment and Media segment	4,336,471	4,336,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

14. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of a CGU is determined based on comparing fair value less cost methodology, and value-in-use calculations. Value in use calculations are based on cash flow projections and based on financial budgets approved by management covering a five-year period. The five year cash flows included the following:

- detailed management budgets for years 1 and 2
- an assumed growth rate of 10% in revenue in year 3 applied to the average forecast revenues for years 1 and 2, to make allowance for one off revenues throughout years 1 and 2; and
- an assumed growth rate in revenues in years 4 and 5.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates do not exceed the long-term average growth rates for the industry in which GoConnect's

CGUs are operated. Key assumptions used for value-in-use calculations:

The following table sets out the key assumptions for those CGUs that have significant goodwill.

	Growth rate in Budget period		Growth rate beyond budget period**		Discount rate***	
	2014	2013	2014	2013	2014	2013
	%	%	%	%	%	%
IPTV Entertainment and Media segment	10	20	5	5	25	16.1

** Weighted average growth rate used to extrapolate cash flows beyond the budget period

*** In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed above. The same post-tax discount rates were applied in 2013 and 2014. The movements in the equivalent pre-tax discount rates between 2013 and 2014 reflect changes in the anticipated timing of future cash flows

These assumptions have been used for the analysis of each CGU within an operating segment. The budgeted gross margins are based on Management's estimates of the future growth of the various operations of the Consolidated Entity, taking into account recent developments in these operations and the impact on future revenue that these developments are expected to generate. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

Having compared the results from fair value less cost and the value in use calculations, impairment charge to goodwill is Nil in 2014 and Nil in 2013.

Impact of possible changes in key assumptions

If the budgeted growth rate used in the value-in-use calculation for the IPTV Entertainment and Media CGU had been 20% lower than management's estimates at 30 June 2014, the group would have recognised an impairment against the carrying amount of goodwill of \$Nil.

15. TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2014	2013
		\$	\$
CURRENT			
<i>Unsecured liabilities</i>			
Trade payables		54,125	99,221
Amount payables to related parties		614,255	601,098
Employee benefits		110,403	126,042
Other payables & accrued expenses		4,002,880	3,252,726
		<u>4,781,664</u>	<u>4,079,087</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

15. TRADE AND OTHER PAYABLES (CONTINUED)

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables		4,781,664	4,079,087
Less advertising money received and accrued commission		-	(8,029)
Less employee benefits		(110,403)	(126,042)
Financial liabilities as trade and other payables	22	<u>4,671,262</u>	<u>3,945,016</u>

16. BORROWINGS

	Note	Consolidated Group	
		2014	2013
		\$	\$
CURRENT			
NON-CURRENT			
<i>Unsecured liabilities</i>			
Interest bearing loan from:			
- Related entities		747,454	164,893
- Others		962,669	962,669
Total Borrowings	22	<u>1,710,123</u>	<u>1,127,562</u>

The total interest payable on borrowings is \$580,060 (2013: \$535,850) including in trade and other payables.

17. PROVISIONS

	Note	Consolidated Group	
		2014	2013
		\$	\$
Provision for employee long service leave entitlements			
Opening balance		78,700	67,245
Additional provisions		-	11,455
Amounts used		(9,142)	-
		<u>69,558</u>	<u>78,700</u>

	Note	Consolidated Group	
		2014	2013
		\$	\$
Provision for employee long service leave entitlements			
Current		66,330	74,133
Non-Current		3,228	4,567
		<u>69,558</u>	<u>78,700</u>

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

18. ISSUED CAPITAL

	Consolidated Group	
	2014	2013
	\$	\$
Issued and paid up capital		
978,514,133 (2012: 929,346,337) ordinary shares fully paid	45,041,170	45,041,170

	Consolidated Group	
	2014	2013
	No.	No.
a. Ordinary Shares		
At the beginning of the reporting period:	978,514,133	929,346,337
Shares issued during the year		
- 23 August 2012	-	10,000,000
- 9 October 2012	-	10,000,000
- 17 December 2012	-	28,140,750
- 17 December 2012	-	1,027,046
At the end of the reporting period	978,514,133	978,514,133

The Company has issued capital amounting to 978,514,133 ordinary shares.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(B) RESERVES

	Note	Consolidated Group	
		2014	2013
		\$	\$
Option reserves at the beginning of the year		650,000	829,783
Share based remuneration	20	122,000	308,616
Option exercised		-	(488,399)
Option reserves at the end of the year		722,000	650,000

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Capital Management

Management controls the capital of the Consolidated Entity in order to ensure that the group can fund its operations and continue as a going concern.

The Consolidated Entity's debt and capital include ordinary share capital and long term loan from the related parties, supported by financial assets.

There are no externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

18. ISSUED CAPITAL (CONTINUED)

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

These include the management of debt levels, plan to generate surpluses from operations, plan to realise the value of investments in associated entities and issues of new share.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

Considering the equity position of the Consolidated Entity as at 30 June 2014 and 30 June 2013, gearing ratios have not been calculated.

19. CASH FLOWS INFORMATION

(A) RECONCILIATION OF CASH

For the purpose of the statements of cash flows, cash includes cash on hand and on call deposits with banks or financial institutions, net of bank overdrafts. Cash at the end of the reporting period is shown in the statement of financial position as:

	Note	Consolidated Group	
		2014	2013
		\$	\$
Cash at bank and on hand		159	915

(B) RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH OPERATING LOSS AFTER INCOME TAX

	Note	Consolidated Group	
		2014	2013
		\$	\$
Operating loss after income tax		(1,398,729)	(2,131,914)
<i>Non-cash flows in operating loss</i>			
Depreciation and amortisation		32,146	67,634
Impairment loss		-	30,796
Share based remuneration - options		122,000	308,616
Bad and doubtful debt		-	87,790
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities</i>			
(Increase) / decrease in operating receivables		(101,052)	(7,478)
(Increase) / decrease in royalty advances		-	(4,546)
(Increase) / decrease in inventories		1,452	-
(Increase) / decrease in other operating assets		-	8,388
Increase / (decrease) in operating payables		721,481	913,583
Increase / (decrease) in provisions		(9,142)	11,455
<i>Net cash used in operating activities</i>		(631,844)	(715,676)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

19. CASH FLOWS INFORMATION (CONTINUED)

(C) LOAN FACILITIES

Loan facilities	2,500,000	2,100,000
Amount utilised	<u>1,710,123</u>	<u>1,127,562</u>
Amount unutilised	<u>789,877</u>	<u>972,438</u>

The Company has received continuing loan facilities:

- with a limit of \$1,000,000 (2013: \$1,000,000) from Sino Strategic International Limited, It has no maturity date and the interest rate at the end of the financial year was 4.66% (2013: 4.81%) The loan is repayable, under an agreement between the companies, only at the discretion of the board of the GoConnect.

- with a limit of \$1,500,000 (2013: 1,100,000) from Sino Investment Services Pty Ltd. It matures on 30 September 2015 with no interest.

20. KEY MANAGEMENT PERSONNEL COMPENSATION

(A) NAMES AND POSITIONS HELD OF CONSOLIDATED AND PARENT ENTITY KEY MANAGEMENT PERSONNEL IN OFFICE AT ANY TIME DURING THE FINANCIAL YEAR

Key management personnel	Position
Richard Li	Chairman - Executive
Joe Fekete	Director – Non-executive (commenced 17 January 2014)
Philip Chan	Director – Non-executive
Jermaine L Jackson	Director – Non-executive
Paul Wiltshire	Director – Executive (Resigned effective on 30 September 2013)

Refer to the Remuneration Report section of the Directors Report for the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014.

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	220,000	216,500
Post-employment benefits	10,800	16,785
Other long-term benefits	2,000	3,109
Share-based payments - options	<u>108,929</u>	<u>288,863</u>
	<u>341,729</u>	<u>525,257</u>

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FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

20. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED) (B) OPTIONS AND RIGHTS HOLDINGS

Number of options held by Key Management Personnel

Name	Balance 1.7.2013	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2014	Vested and exercisable 30.6.2014
Richard Li	10,000,000	10,000,000	-	-	-	20,000,000	20,000,000
Joe Fekete	-	500,000	-	-	-	500,000	500,000
Philip Chan	1,000,000	-	-	-	-	1,000,000	1,000,000
Jermaine L Jackson	-	2,000,000	-	-	-	2,000,000	2,000,000
Paul Wiltshire	-	-	-	-	-	-	-
Total	11,000,000	12,500,000	-	-	-	23,500,000	23,500,000

Name	Balance 1.7.2012	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2013	Vested and exercisable 30.6.2013
Richard Li	10,000,000	-	-	-	-	10,000,000	10,000,000
Paul Wiltshire	10,000,000	-	(10,000,000)	-	-	-	-
Philip Chan	1,000,000	-	-	-	-	1,000,000	1,000,000
Jermaine L Jackson	-	-	-	-	-	-	-
Total	11,000,000	-	-	-	-	11,000,000	11,000,000

21. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014:

On 26 February 2014, 14,000,000 options were granted to GoConnect directors, Richard Li, Joe Fekete and Jermaine L Jackson and senior management, to take up ordinary shares at an exercise price of \$0.02 each. The options vest on 26 February 2014 and can be exercised on or before 26 February 2019. The options hold no voting or dividend rights. At balance date, no share option has been exercised.

On 30 November 2011, 13,000,000 options were granted to GoConnect directors, Richard Li and Philip Chan and senior management, to take up ordinary shares at an exercise price of \$0.02 each. The options vest on 30 November 2012 and can be exercised on or before 30 November 2016. The options hold no voting or dividend rights. At balance date, no share option has been exercised.

All options granted are for ordinary shares in GoConnect Limited, which confer a right of one ordinary share for every option held.

A summary of the movements of all listed company options issued is as follows:

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FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

21. SHARE-BASED PAYMENTS (CONTINUED)

	2014		2013	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	13,000,000	0.020	33,000,000	0.023
Granted	14,000,000	0.020	-	-
Forfeited	-	-	-	-
Exercised	-	-	(20,000,000)	0.025
Expired	-	-	-	-
Outstanding at year-end	27,000,000	0.020	13,000,000	0.020
Exercisable at year-end	27,000,000	0.020	13,000,000	0.020

The options outstanding at 30 June 2013 had a weighted average exercise price of \$0.020 and a weighted average remaining contractual life of 3.42 years. Exercise price for all options outstanding at 30 June 2013 is \$0.020.

The weighted average fair value of the options granted during the year ended 30 June 2012 was \$0.020.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$0.020
Weighted average life of the option	5 years
Underlying share price	\$0.013
Expected share price volatility	156%
Risk free interest rate	3.84%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Options granted as share-based payments are as follow:

Grant date	Vesting date	Number	Exercise price	Life of the option
30 November 2011	30 November 2012	13,000,000	\$0.020	5 years
24 February 2014	24 February 2014	14,000,000	\$0.020	5 years

Included under employee benefits expense in the statement of comprehensive income is \$122,000 (2013: \$308,616) which relates to equity-settled share-based payment transactions.

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FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

22. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2014	2013
		\$	\$
Financial Assets			
Cash and cash equivalents	8	159	915
Loans and receivables	9	296,018	194,965
		<u>296,177</u>	<u>195,880</u>
Financial Liabilities			
Trade and other payables	15	4,671,262	3,945,016
Borrowings	16	1,710,123	1,127,562
		<u>6,381,385</u>	<u>5,072,578</u>

All financial instruments carried by the Group are subsequently at amortized costs.

Financial Risk Management Policies

The main purpose of non-derivative financial instruments is to raise finance for operations.

Derivatives are not used by the Group. The Group does not speculate in the trading of derivative instruments.

The senior managements meet with members of the Board of Directors regularly to evaluate treasury management strategies and financial risks in the context of recent economic conditions and forecasts.

The Consolidated Entity has insignificant exposure to fluctuations in foreign currencies as it has minimal transactions, assets and liabilities in foreign currencies.

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that it has access to adequate new capital and borrowing facilities when required.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Consolidated Entity.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk of the Group is not significant risk and interest rate swaps are not used.

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GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	Note	Consolidated Group	
		2014	2013
		\$	\$
Floating rate instruments			
Borrowings	16	1,710,123	1,127,562

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The Group's policy is to ensure no more than 10% of borrowings should mature in any 12-month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

Consolidated Entity	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	4,057,007	3,343,918	962,669	962,669	-	-	5,019,676	4,306,587
Amount payable to related parties	614,255	601,098	747,454	164,893	-	-	1,361,709	765,991
Total expected outflows	4,671,262	3,945,016	1,710,123	1,127,562	-	-	6,381,385	5,072,578
Financial assets – cash flows realisable								
Cash and cash equivalents	159	915	-	-	-	-	159	915
Trade and other receivables	296,018	194,965	-	-	-	-	296,018	194,966
Total anticipated inflows	296,177	195,880	-	-	-	-	296,177	195,880
Net outflow on financial instruments	(4,375,085)	(3,749,136)	(1,710,123)	(1,127,562)	-	-	(6,085,208)	(4,876,698)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties to contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 7 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter party, payment is required prior to delivery of goods and/or services.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counter party or group of counter parties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 9.

Credit risk related to balances with banks and other financial institutions is managed by senior management in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counter parties with a Standard & Poor's rating of at least AA. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

	Note	Consolidated Group	
		2014	2013
		\$	\$
Cash and cash equivalents			
- AA Rated		159	915

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated Entity	Footnote	2014		2013	
		Net Carrying Value	Fair Value	Net Carrying Value	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	159	159	915	915
Trade and other receivables	(i)	296,018	296,018	194,965	194,965
Royalty advances	(i)	-	-	-	-
Total financial assets		<u>296,177</u>	<u>296,177</u>	<u>195,880</u>	<u>195,880</u>
Financial liabilities					
Trade and other payables	(i)	4,671,262	4,671,262	3,945,016	3,945,016
Borrowings	(ii)	1,710,123	1,710,123	1,127,562	1,127,562
Total financial liabilities		<u>6,381,385</u>	<u>6,381,385</u>	<u>5,072,578</u>	<u>5,072,578</u>

The fair values disclosed in the above table have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables, royalty advances and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
- Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debt will differ to the carrying values.

Financial Instruments Measured at Fair Value through Profit or Loss

The Group does not have any financial instruments measured at fair value through profit or loss.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	Consolidated Group	
		Profit	Equity
		\$	\$
Year Ended 30 June 2014			
+/- 2% in interest rates		-/+34,202	-/+34,202
Year Ended 30 June 2013			
+/- 2% in interest rates		-/+22,551	-/+22,551

23. CAPITAL AND LEASING COMMITMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

	Note	Consolidated Group	
		2014	2013
		\$	\$
Operating Lease Commitments			
Payable – minimum lease payments:			
- not later than 1 year		-	187,249
- between 1 year and 5 years		-	391,519
- greater than 5 years		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>578,768</u>

The property lease is a non-cancellable lease with a 5-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased 3% per annum. An option exists to renew the lease at the end of the 5-year term for an additional term of 5 years. The lease allows for subletting of all lease areas.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In December 2012, GoConnect Limited and La Jolla Cove Investors, Inc. (“LJC”) entered into a settlement agreement in relation to the termination of a convertible note funding agreement (“the Loan”).

The Loan has been repaid by issuing 28,140,750 shares at \$0.02 per share (“Settlement Shares”) subject to the share price achieving this value at a minimum. Sino Investment Services Pty Ltd (“SIS”) has underwritten the settlement of US\$770,000 of the amount payable to LJC and the underwriting is secured against the Settlement Shares. GoConnect Limited is exposed to a maximum contingent liability of US\$ 770,000.

On 23rd July 2014 a judgement order was registered in the Supreme Court registering the above debt. However the arrangement between GoConnect and SIS remains the same.

Other than the matter set out above, there has been no other change in contingent liabilities since the last annual reporting period.

25. OPERATING SEGMENTS

All of the Group’s business activities were focused on the development and delivery of IPTV products. All assets held by the Group during the reporting were located within Australia. Revenue attributable to external customers, based on the location of the external customer, is disclosed below.

	2014	2013
	\$	\$
Australia	472,946	398,335

The Group was not reliant on any single major customer during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

26. CONTROLLED ENTITIES

a. Controlled Entities Consolidated

Name of the above controlled entities	Class of shares	Country of incorporation	% owned 2014	% owned 2013
GoConnect Australia Pty Ltd	ordinary	Australia	100	100
GoTrek Pty Ltd	ordinary	Australia	100	100
TBS TV Pty Ltd	ordinary	Australia	100	100
Undercover Network Pty Ltd	ordinary	Australia	-	100
Uctv.fm Pty Ltd	ordinary	Australia	100	100
PLW Entertainment Pty Ltd	ordinary	Australia	-	100
Asia IPTV Pty Ltd	ordinary	Australia	100	100
First Mongolian Marketing Ltd	ordinary	BVI	51	51
EcoConnect Australia Pty Ltd	ordinary	Australia	100	100

27. OTHER RELATED PARTY DISCLOSURES

(A) The Group's main related parties are as follows:

(i) Key management personnel:

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

For details of disclosures relating to key management personnel, refer to Note 20.

(B) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Note	Consolidated Group 2014 \$	2013 \$
(i) In accordance with an agreement entered into between the Company and Sino Investment Services Pty Ltd ("SISL"), the Company would reimburse the direct costs incurred by SISL on behalf of the Consolidated Entity in relation to the development of business relationships. The total reimbursement of cost paid or payable by the Company to SISL		-	1,983
(ii) In accordance with an agreement entered into between the Company and SISL, SISL would reimburse the direct costs incurred by the Company on behalf of SISL in relation to the development of business relationships. The total reimbursement of cost paid or payable by SISL to the Company		28,221	31,032

27. OTHER RELATED PARTY DISCLOSURES (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

	Note	Consolidated Group 2014	2013
(iii) The Company has received continuing credit facility from SISL. This amount represents the total balance that has been drawn down under the facility.	16	747,454	164,893

28. EVENTS OCCURRING AFTER REPORTING DATE

We refer you to both the projects discussed in the above in the Review of Operations and the announcements made to the ASX as listed below:

- As announced on 4th August 2014, GoConnect has undertaken a placement of shares to raise capital of \$1.5m plus an oversubscription of \$400,000. The initial placement of \$1.5m is underwritten by Sino Investment Services Pty Ltd of which \$1m has been applied for by Centurion Securities and Sino Investment Services Pty Ltd. As at 30 September 2014, the amount of \$400,000 has been received as subscription and discussions are being finalised for the further \$1 million dollar subscription.

There is no other item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Consolidated Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

29. COMPANY DETAILS

The registered office and the principal place of business of the Company is

Level 3, 112 Wellington Parade
East Melbourne VIC 3002
Australia

DIRECTORS' DECLARATION

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

The directors declare that:

1. the financial statements and disclosures that are detailed within the Remuneration Report in the Directors' Report and notes set out on pages 28 to 61, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and consolidated group;
2. The directors' have declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards and the International Financial Reporting Standards (IFRS); and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion:
 - (a) the financial statements and notes are in accordance with the Corporations Act 2001;
 - (b) the remuneration disclosures on pages 16 to 21 in the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors of the Company.



RICHARD LI
CHAIRMAN

Dated at Melbourne this 30th day of September 2014.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GOCONNECT LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of GoConnect Limited, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GoConnect Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

The consolidated statement of financial position as at 30 June 2014 includes goodwill of \$4,336,471. The directors have prepared value in use calculations to support their view that the carrying value of goodwill is recoverable and therefore that no impairment of goodwill is required to be recognised. We have been unable to obtain sufficient appropriate audit evidence to support the directors' assumptions used in their value in use calculations and, accordingly, to support the carrying value of goodwill as at 30 June 2014. Consequently, we have been unable to determine whether any adjustments to this amount were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of GoConnect Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without further qualifying our opinion expressed above, we draw attention to Note 1(p) in the financial report which indicates that the Company and Consolidated Entity experienced operating losses of \$1,761,671 (2013: \$1,733,639) and \$1,398,729 (2013: \$2,131,914) respectively, during the financial year ended 30 June 2014. The Consolidated Entity experienced negative operating cash flows of \$631,844 (2013: \$715,676) during the financial year ended 30 June 2014. Furthermore, at 30 June 2014 the Consolidated Entity had:

- cash balances of \$159 (2013: \$915);
- net current liabilities of \$4,551,797 (2013: \$3,955,868); and
- net tangible liabilities of \$6,259,956 (2013: \$5,069,143).


These conditions, along with other matters as set forth in Note 1(p), indicate the existence of a material uncertainty which may cast significant doubt about the Company and Consolidated Entity's ability to continue as going concerns and, therefore, the Company and Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company 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.

Opinion

In our opinion the Remuneration Report of GoConnect Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

**RSM BIRD CAMERON PARTNERS**

J S CROALL
Partner

Melbourne, VIC
Dated: 1 October 2014

SHAREHOLDER INFORMATION

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

The shareholder information set out below was applicable as at 31 August 2014.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Ordinary shares	Options
	Shares	
1 – 1,000	43	-
1,001 – 5,000	28	-
5,001 – 10,000	200	-
10,001 – 100,000	522	-
100,001 and over	579	7
	1372	7

There were 704 holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest shareholders.

The names of the twenty largest shareholders are listed below:

Name	Number Held	Percentage of Issued Shares
SSI NOMINEES PTY LTD	106,611,772	10.90
LEET INVESTMENTS PTY LIMITED	54,200,000	5.54
CITICORP NOMINEES PTY LIMITED	50,352,200	5.15
LEET INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	35,000,000	3.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,948,653	3.27
SSI NOMINEES PTY LTD <NO 2 A/C>	28,045,694	2.87
GENERAL & PRIVATE FUNDS MANAGEMENT PTY LTD	20,250,000	2.07
NEFCO NOMINEES PTY LTD	16,439,500	1.68
J P MORGAN NOMINEES AUSTRALIA LIMITED	15,725,193	1.61
BAINTON LIMITED	15,180,000	1.55
MR NIKOLAI SHIROBOKOV + MRS SVETLANA SHIROBOKOV	12,300,000	1.26
MR RHODERIC CHARLES WHYTE	11,500,000	1.18
RONAY INVESTMENTS PTY LTD	11,126,854	1.14
B N W REAL ESTATE GROUP PTY LTD	10,850,000	1.11
MR ANTONIO MINUZZO	10,690,523	1.09
MR HO TONG KHOO	10,500,000	1.07
BONNYVALE COMPANY LIMITED	10,000,000	1.02
SSI NOMINEES PTY LTD <NO 2 A/C>	10,000,000	1.02
SSI NOMINEES PTY LTD	10,000,000	1.02
BOURSE SECURITIES PTY LTD	9,510,000	0.97
	480,230,389	49.10%
Total Ordinary Shares	978,514,133	100.00%

SHAREHOLDER INFORMATION (CONTINUED)

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

Other unquoted equity securities

	Number on issue	Number of holders
Options issued	27,000,000	7

C. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

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

(b) Options

No voting rights.

D. STOCK EXCHANGE LISTING

The ordinary shares of the company are quoted on the Australian Securities Exchange (ASX) under ASX code “GCN”, and the Regulated Unofficial Market on the Frankfurt Stock Exchange under stock code “GCK-GR”.

E. ON-MARKET BUY BACK

There is no current on-market buy-back.