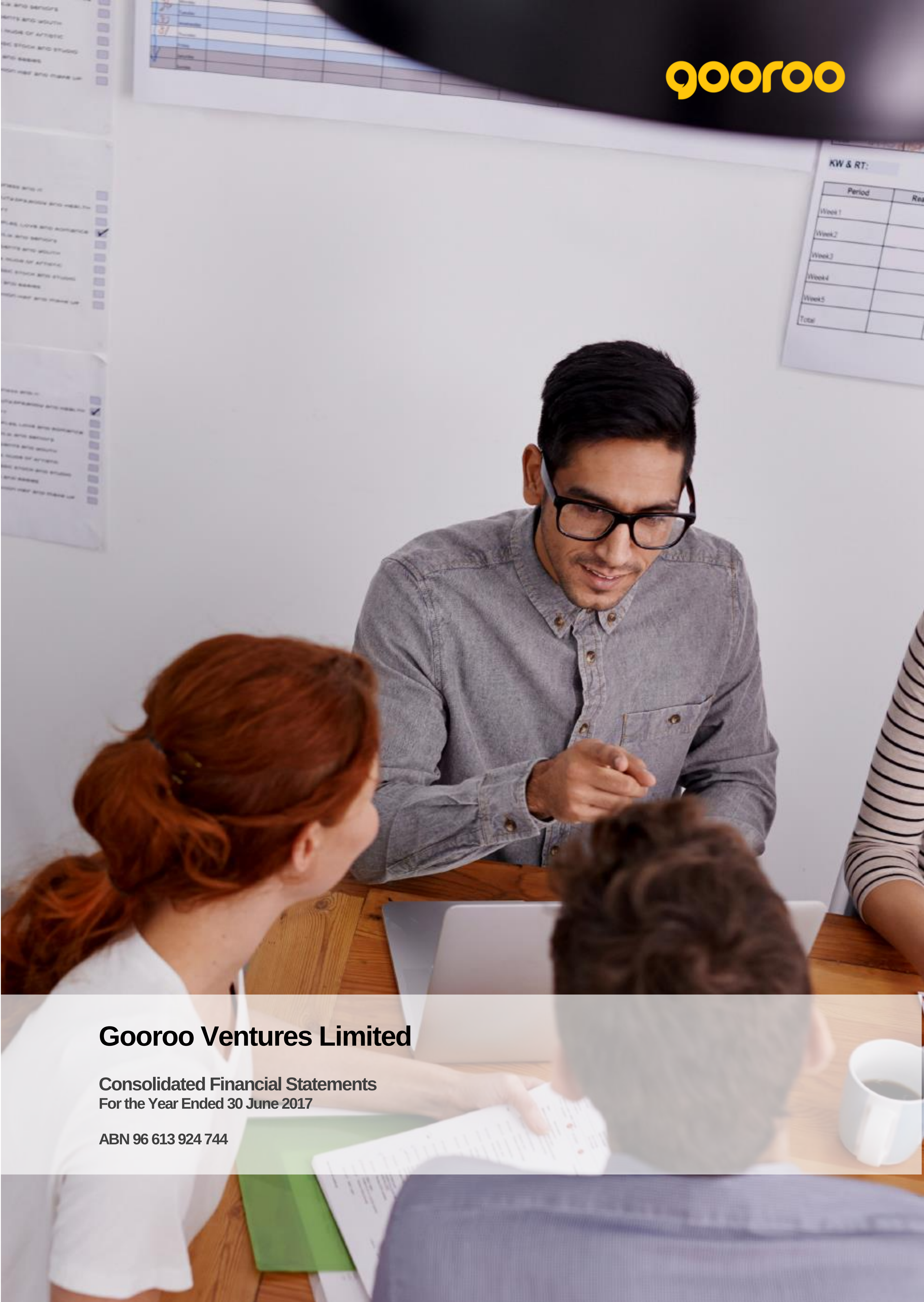
gooroo



Gooroo Ventures Limited

Consolidated Financial Statements
For the Year Ended 30 June 2017

ABN 96 613 924 744

Gooroo Ventures Limited
ABN 96 613 924 744

Corporate Directory

Directors

Mr Simon O'Loughlin (Chairman, Non-Executive Director)

Mr Greg Muller (Managing Director and Chief Executive Officer)

Donald Stephens (Non-Executive Director)

Jason Tonelli (Non-Executive Director)

Emmanuel Foundas (Non-Executive Director)

Company Secretary

Mr Donald Stephens

Registered Office
C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

Telephone (08) 8133 5000
E-mail: hi@gooroovetures.com
Website: www.gooroovetures.com

Principal Office
Level 1, 80 Greville Street
PRAHRAN VIC 3181

Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Legal Advisors
O'Loughlins Lawyers
Level 2, 99 Frome Street
ADELAIDE SA 5000

Bankers
Australian and New Zealand Banking Group
ANZ Centre, 10/833 Collins Street
MELBOURNE VIC 3000

Auditors
Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
ADELAIDE SA 5000

Stock Exchange Listing
Gooroo Ventures Limited (ASX: "GOO") shares are quoted on the Australian Stock Exchange

Contents

For the Year Ended 30 June 2017

Directors' Report

30 June 2017

The Directors of Gooroo Ventures Limited (Gooroo) present their report together with the financial statements of the consolidated entity, being Gooroo (the Company) and its Controlled Entities (the Group) for the year ended 30 June 2017.

Directors' Detail

The following persons were Directors of Gooroo during or since the end of the financial year:

Gregory Muller
MBA, BAppSc

Managing Director and CEO since 28 July 2016.

As the founder and CEO of Gooroo, Mr Muller has overseen the R&D phase of the company and is now responsible for the strategy and operations of the Gooroo business as it moves fully in to commercialisation.

Mr Muller is the CEO and founder of Gooroo and has over 20 years' experience in building and leading technology, marketing, management consulting and start-up companies.

In 2000, Greg founded a technology and management consulting firm which went on to become the largest independent digital agency in Australia. In 2010, Greg was appointed Global CEO of Global Reviews, a leading digital marketing and customer experience analytics firm. He remains on the Board of Directors.

During his career Mr Muller has been the recipient of numerous industry and business awards. He is a regular speaker and presenter and holds a Master of Business Administration (MBA) and a Bachelor of Applied Science.

<u>Other current directorships</u>
None

<u>Former directorships (last 3 years):</u>
None

<u>Interest in shares:</u>
25,789 ordinary shares
17,680,132 ordinary shares (escrowed for 24 months from 19 October 2016)
14,960,111 A class performance shares (escrowed for 24 months from 19 October 2016)
14,960,111 B class performance shares (escrowed for 24 months from 19 October 2016)
6,800,052 C class performance shares (escrowed for 24 months from 19 October 2016)

<u>Interest in options:</u>
None

Mr Simon O'Loughlin
BA(Acc), Law Society Certificate in Law

Non-Executive Chairman since 28 July 2016

Simon O'Loughlin is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications.

In August 2016, Mr O'Loughlin stepped down as Non-Executive Chairman of Xref Limited (ASX:XF1), an Australian based human resources technology company that automates the candidate reference process for employers.

Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

<u>Other current directorships</u>
Lawson Gold Limited
Chesser Resources Limited
Petratherm Limited
BOD Australia Limited
ARC Exploration Limited

<u>Former directorships (last 3 years):</u>
Xref Limited (appointed 1 October 2014; resigned 18 August 2016)
WCP Resources Limited (appointed 31 March 2015; resigned 25 February 2016)
Kibaran Resources Limited (appointed 13 September 2010; resigned 21 August 2014)
Food Revolution Group Limited (appointed 26 May 2014; resigned 11 February 2016)
Goldminex Limited (appointed 22 June 2012; resigned 28 February 2015)
RHS Limited (appointed 31 July 2013; resigned 21 August 2014)

<u>Interest in shares:</u>
225,000 ordinary shares
31,250 ordinary shares (escrowed for 24 months from 19 October 2016)

<u>Interest in options:</u>
125,000 unlisted options (escrowed for 24 months from 19 October 2016)

Mr Donald Stephens
BA(Acc), FCA

Non-Executive Director and Company Secretary since 28 July 2016

Donald Stephens is a Chartered Accountant and corporate advisor with over 25 years' experience in the accounting, mining and services industries, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a Chartered Accountant and corporate adviser specialising in small cap ASX listed entities.

Mr Stephens is a director of Mithril Resources Limited, Petratherm Limited and Lawson Gold Limited. Additionally, he is Company Secretary of Highfield Resources Limited, Duxton Water Limited and various other listed and unlisted public companies.

Other current directorships
Lawson Gold Limited
Petratherm Limited
Mithril Resource Limited

Former directorships (last 3 years):
Papyrus Australia Limited (appointed 8 September 2004; resigned 24 August 2015)
RHS Limited (appointed 31 July 2015; resigned 1 July 2015)

Interest in shares:
225,000 ordinary shares
31,250 ordinary shares (escrowed for 24 months from 19 October 2016)

Interest in options:
125,000 unlisted options (escrowed for 24 months from 19 October 2016)

Mr Jason Tonelli
BA

Non-Executive Director since 17 August 2016

Jason Tonelli is a digital media and technology specialist with more than 14 years' experience in the field. He has gained a unique range of experience and skills, having worked across most facets of digital media from search to running a trading desk.

Mr Tonelli is currently the Chief Digital and Technology Officer for Publicis Media Australia and New Zealand, one of the world's leading communications agencies, where he focuses on driving leading technology solutions, innovation and digital strategic work across the Group. This includes overseeing expenditure of over $150m into the digital and technology space for his clients. Prior to this role, Mr Tonelli worked across the Starcom and Mediavest businesses as the digital and technology lead in Australia. Both of these roles have unlocked global client and technology connections throughout Europe, Asia and the US.

Prior to joining Starcom, Mr Tonelli has held such roles as General Manager of Aegis Media Pacific's Trading Desk and Media Director at emitch Melbourne, leading a team of 10 across a number of clients including Nissan Australia, BMW, Tourism Victoria, Virgin Australia, QUIT Victoria and the Transport Accident Commission

Mr Tonelli attended Monash University, where he majored in Psychology with a Minor in Marketing. He has found that these two disciplines have complemented his development into the advertising and media fields. Mr Tonelli also participates in many leading industry events both as a keynote speaker and a panellist as well as being an active member of the Industry Advisory Board for the School of Marketing and Advertising at RMIT University in Victoria.

Other current directorships
None

Former directorships (last 3 years):
None

Interest in shares:
100,000 ordinary shares

Interest in options:
250,000 unlisted options (escrowed for 24 months from 19 October 2016)

Mr Emmanuel Foundas
B.Comm, ASIA

Non-Executive Director since 17 August 2016

Emmanuel Foundas has over 25 years' experience in investment banking with Salomon Smith Barney, Natwest Markets, Macquarie Bank, Dresdner Bank and Michell NBD in addition to his time at Mobil Oil Australia where he held the role of Assistant Treasurer.

He is currently Chief Representative, Oceania & SE Asia for Condusiv Technologies and the Finance and Technology Lead for the Australian Education City Consortium.

Mr Foundas has assisted and mentored a number of successful companies and was Chairman and CEO of CFT Holdings, which under his stewardship executed two co-operative joint ventures in China with State Owned Enterprises.

Mr Foundas holds a Bachelor of Commerce degree from The University of Queensland and a Post Graduate

Diploma from the Securities Institute of Australia.

Other current directorships
None

Former directorships (last 3 years):
None

Interest in shares:
4,397,236 ordinary shares (escrowed for 24 months from 19 October 2016)
3,720,737 A class performance shares (escrowed for 24 months from 19 October 2016)
3,720,737 B class performance shares (escrowed for 24 months from 19 October 2016)
1,691,244 C class performance shares (escrowed for 24 months from 19 October 2016)

Interest in options:
250,000 unlisted options (escrowed for 24 months from 19 October 2016)

Ms Anna Whitlam
B.Bus, MBA

Non-Executive Director (resigned on 27 July 2017)

Ms Whitlam is the Managing Director of Anna Whitlam People, a leading executive search and organisational design practice, specialising in the disciplines of corporate affairs, communications, marketing, reputation and risk.

Ms Whitlam is a non-executive director of Commtract Pty Ltd, an online talent marketplace for communications professionals, and has held non-executive director positions on a number of not-for-profit boards.

Ms Whitlam holds a Bachelor of Business, is an alumna of Harvard Business School's Executive Education Program and holds a Certificate in Competitive Strategy from INSEAD.

Other current directorships
None

Former directorships (last 3 years):
None

Interest in shares:
1,030,000 ordinary shares

Interest in options:
None

Company Secretary

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

Corporate Structure

Gooroo Ventures Limited is a company limited by shares, which is incorporated and domiciled in Australia.

Review of Operations

Highlights for the Year

- Entered a Teaming Agreement with KPMG to promote and integrate Gooroo's capabilities with KPMG clients
- Established an enterprise sales team focused on enterprise sales in the Australian market
- Commercially launched Gooroo Hirer, a predictive talent matching platform in the Australian market
- Begun signing revenue-generating, enterprise subscription agreements with leading employers and recruitment firms
- Won Innovation of the Year in the Machine Learning & Big Data category at the Victorian iAwards
- Qualified for a R&D Tax Incentive refund of $727,231, expected to be receipted in October 2017
- Released Gooroo Mindspace, an innovative people and team assessment capability that further expands Gooroo's value proposition to the enterprise customer
- Deepened the global alliance with Microsoft after Gooroo was awarded Learning Partner status

Principle activities developments

- Market testing and ongoing development of Gooroo's predictive matching and assessment technology
- Ongoing integration of Gooroo's ColourGrid™ intellectual property (acquired in June 2016). Work done this year will result in a patent application being submitted in 2017
- Ongoing development of Gooroo's advanced job market analytics and statistical models
- Initial release of Gooroo's hiring technology in to the USA with a free trial program to tier three (small) recruiters
- Establishment of a commercial enterprise sales team and subscription pricing model in Australia
- Launch of sales of Gooroo's candidate screening and matching technology to recruiters and employers
- Establishment of a customer support function to service client implementations
- Ongoing support and development of Gooroo's professional talent community, now exceeding 21,000 individuals
- Establishment of a Customer Advisory Board (which includes key representatives from corporate clients and recruitment firms) to assist with strategic product planning
- Completion of an integration with the largest automated job distribution solution (Broadbean), allowing users of Broadbean to share jobs with Gooroo
- Launch of Gooroo Insights, a unique analytics software tool providing real-time data insights and trends in the technology job market
- Launch of Gooroo Mindspace, a flexible, enterprise-grade people and team assessment capability that leverages the company's ColourGrid™ intellectual property. This innovative capability provides organisations with new capability to set up and manage role benchmarks, and can assess candidates and teams, at scale.
- Initiation of discussions with strategic partners to support the promotion and distribution of Gooroo's technology. Gooroo's Teaming Agreement with KPMG is the first of these partnerships.

Since the USA commercial trial concluded in April 2017, management focused sales and marketing activities towards Australian-based mid-to-upper tier recruitment agencies and employers which started during May 2017. This decision has since seen the Company:

- build an enterprise sales team
- sign revenue-generating contracts and build an impressive sales pipeline of opportunities

- conduct selective commercial trials that include agreed pathways to long-term subscription
- adjust its pricing structures by introducing a tiered (monthly) subscription model that is driven by company size and/or job volumes. Additional charges apply when contracted volumes for jobs, assessments, talent pool members are exceeded. The Company is focused on accelerating the growth of its quarterly recurring subscription baseline.

In September 2017, the Company launched the first version of its Gooroo Mindspace assessment platform. This fully-featured new capability expands the Gooroo proposition beyond technology roles and delivers a considerable value-add. The Company expects will open new deals, accelerate sales and provide new revenue opportunities.

Over this past year the Company has also made excellent progress toward understanding the commercial opportunities that sit within its globally unique intellectual property, ColourGrid™. The Company's focus will be on continued integration of this IP and the identification of scalable commercial opportunities that deliver long-term revenue streams and shareholder returns.

Likely developments, business strategies and prospects

The Company is now very well positioned to capitalise on the investments made in research, product development, acquisition of IP and people.

The Company is focused on converting the strong sales pipeline that has been built in Australia and accelerating deal flow. International expansion is now being considered for H1 2018.

The Company will progress discussions with various local and international partners who have expressed interest to leverage and distribute Gooroo's intellectual property and technology. The company expects these relationships will:

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

The Company will continue to invest in product development in order to meet market needs and to maintain its leadership status. Further, the Company will explore integration opportunities with other platforms that enhance (sales) distribution and engagement.

Review of operations

- This past year has seen the company complete an IPO while scaling operations in readiness for commercialisation.
- During the year the Company invested heavily in research and product development. Considering the Gooroo technology is still in its early stages, it has been necessary for the Company to invest in new functionality and features based on user feedback and that further differentiate the Gooroo value proposition.
- In early 2017 the Company initiated a telephone sales program with the objective to offer free trial access to the Gooroo hiring and matching technology. A third-party telemarketing company based in Melbourne was engaged to conduct the outreach program. The collapse of this company, coupled with limited commercial returns delivered from this 'free trial' campaign directed management to refocus attention in Australian and focus on mid-to-upper tier enterprises. This decision included a delay to plans to employ sales resources in to the USA.
- During the year the Company also started investing in the development of an advanced assessment platform (now called Mindspace) that involved the digitisation, scaling and automation of 40 years of research into a user-friendly platform, leveraging the assets contained in the acquisition of ColourGrid™ in 2016. The Company deployed this new capability in September 2017 and will be officially launched during October 2017.
- Across the year management has formed an impressive team together with establishing operational processes and systems in readiness for commercial sales, client onboarding and scale.

Directors' Report

30 June 2017

Corporate Governance

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

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website: www.gooroovenures.com

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

1. Acquisition of MSGooroo Pty Ltd (MSGooroo)

   On 12 October 2016, Gooroo entered into a Share Purchase Agreement with MSGooroo to acquire 100% interest in MSGooroo with the intention of listing on the Australian Stock Exchange. The acquisition was subsequently completed on 12 October 2016.

2. Issue and conversion of convertible notes

   In August 2016, MSGooroo issued 4,750 convertible notes to raise $475,000 to fund its operating expenses. The conversion occurred on 12 October 2016 upon the completion of the IPO by Gooroo. A total of 14,750 convertible notes were converted into ordinary shares in Gooroo pursuant to their terms and conditions (this included 10,000 previously issued convertible notes).

3. Completion of Initial Public Offering (IPO)

   On 12 October 2016, the Company completed its IPO and was admitted into the Australian Stock Exchange (ASX). The shares were first quoted on the ASX on 19 October 2016.

Financial results

Operating results

Revenue for the year ended 30 June 2017 increased from $1,691 to $68,278. The consolidated loss of the Group amounted to $2,647,771 (2016: $356,984), after providing for income tax.

Dividends paid or recommended

No dividends were paid during the year.

Events arising since the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years. (To be updated if applicable)

Environmental regulations and performance

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Directors' meetings

The number of Directors Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings of attendance by each Director is as follows:

Directors Name	Directors' Meetings		Audit Committee	
	A	B	A	B
Gregory Muller	6	6	1	1
Simon O'Loughlin	6	6	1	1
Donald Stephens	6	5	1	1
Jason Tonelli	6	6	-	-
Emmanuel Foundas	6	6	1	1
Anna Whitlam	5	5	-	-

Where:
- column A is the number of meetings the Director was entitled to attend
- column B is the number of meetings the Director attended

Unissued shares under option

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
12 October 2016	12 April 2019	$0.20	614,231
12 October 2016	12 October 2019	$0.25	750,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

These options were issued under the Company's IPO Prospectus (section 8.5(b)).

No options were exercised during or since the end of the financial year.

Indemnification and insurance of officers and auditors

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

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was $16,500 (2016: Nil).

Non-audit services

Grant Thornton, in its capacity as auditors for Gooroo Ventures Limited, has not provided any non-audit services during the year.

Details of the amounts paid to the auditors and its related practices for audit services provided during the year are set out in Note 24 to the financial statements.

Proceedings on behalf of company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

Remuneration Report (audited)

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of the Company for the financial year ended 30 June 2017. The information provided in this Remuneration Report has been audited are required by Section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. After careful consideration, the Directors determined that Key Management Personnel should comprise Jose Miguel Herrera Perea and Terence Siganakis.

Details of Directors and Key Management Personnel

Directors	**Position**
Gregory Muller	Executive Director
Simon O'Loughlin	Non-Executive Director
Donald Stephens	Non-Executive Director and Company Secretary
Jason Tonelli	Non-Executive Director
Emmanuel Foundas	Non-Executive Director
Anna Whitlam	Non-Executive Director (resigned on 27 July 2017)
Other KMP	
Jose Miguel Herrera Perea	Chief Operating Officer
Terence Siganakis	Chief Technology Officer

Mr Terence Siganakis ceased his employment with the Group on 12 May 2017. He is currently engaged under a consulting service agreement, which commenced on 22 May 2017 with no fixed term. He remains in the capacity of the Chief Technology Officer.

Remuneration Policy

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

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

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.

- Performance incentives are based on predetermined key performance indicators.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board of Directors reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

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

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

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

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board of Directors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is $300,000 per annum as detailed in the Company's IPO Prospectus.

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

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

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

Use of remuneration consultants

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

Voting and comments made at the Company's last Annual General Meeting

Gooroo Ventures Limited was incorporated on 28 July 2016. The Company has not held an Annual General Meeting since its incorporation.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial and the previous financial years:

Item	2017	2016
Loss per share (cents)	(5.65)	(1.46)
Share price – at 30 June	$0.15	-
Share price – High for the year ended 30 June	$0.27	-
Share price – low for the year ended 30 June	$0.135	-

Remuneration details for the year ended 30 June 2017

Details of the nature and amount of each element of the remuneration of each Director and KMP of the Group are as follows:

Employee	Year	Short-term employee benefits Salaries and Fees	Post-employment benefits Superannuation	Share-based payments Options	Total
Executive Directors					
Gregory Muller	2017	$267,817	$21,168	-	$288,985
Managing Director	2016	$115,070	-	-	$115,070
Non-Executive Directors					
Simon O'Loughlin	2017	$29,000	$2,755	$13,775	$45,530
Independent	2016	-	-	-	-
Donald Stephens	2017	$29,000	-	$13,775	$42,775
Independent	2016	-	-	-	-
Jason Tonelli	2017	$29,000	-	$27,550	$56,550
Independent	2016	-	-	-	-
Emmanuel Foundas	2017	$29,000	$2,755	$27,550	$59,305
Independent	2016	-	-	-	-
Anna Whitlam	2017	$27,000	$2,565	-	$29,565
Independent[1]	2016	-	-	-	-
Other KMP					
Jose Miguel Herrera Perea	2017	$118,333	$11,242	-	$129,575
Chief Operating Officer	2016	-	-	-	-
Terence Siganakis	2017	$187,853	$16,922	-	$200,044
Chief Technology Officer[2]	2016	$78,020	-	-	$78,020
2017 Total	**2017**	**$712,273**	**$57,406**	**$82,650**	**$857,059**
2016 Total	**2016**	**$193,090**	**-**	**-**	**$193,090**

1. Anna Whitlam – resigned 27 July 2017
2. Terence Siganakis – moved to a part-time, contract-based arrangement on 22 May 2017

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal service agreements as summarised below:

Employee	Base Salary	Term of agreement	Notice period
Gregory Muller	$250,000	Unspecified	6 months
Jose	$220,000	Unspecified	9 months
Terence Siganakis	$180,000	Unspecified	4 months

The Chief Technology Officer, Mr Terence Siganakis ceased full-time employment with the Group on 12 May 2017. He is currently engaged under a consulting service agreement, which commenced on 22 May 2017 with no fixed term. Under the agreement, Mr Siganakis is to be paid a monthly retainer of $5,000 for the remainder of the contract) plus service charges at an hourly rate. He remains in the capacity of the Chief Technology Officer and Advisory Board member.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Shareholdings of Directors and Key Management Personnel

The number of ordinary shares in the Company held during the financial year by Directors and KMP of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at start of year	Granted as remuneration	Received on exercise of options	Other changes	Held at the end of reporting period
Directors					
Gregory Muller	-	-	-	17,705,921	17,705,921
Simon O'Loughlin	-	-	-	256,250	256,250
Donald Stephens	-	-	-	256,250	256,250
Jason Tonelli	-	-	-	100,000	100,000
Emmanuel Foundas	-	-	-	4,397,236	4,397,236
Anna Whitlam[1]	-	-	-	1,030,000	1,030,000
Key Management					
Jose Miguel Herrera Perea	-	-	-	-	-
Terence Siganakis[2]	-	-	-	-	-
	-	**-**	**-**	**23,645,657**	**23,645,657**

1. Anna Whitlam – resigned 27 July 2017
2. moved to a part-time, contract-based arrangement on 22 May 2017

All equity transactions with Directors and KMP, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Option holdings of Directors and Key Management Personnel

The number of options over ordinary shares in the Company held during the financial year by each Director of Gooroo and specified KMP of the Group, including their personally related parties, are set out below:

2017	Balance at start of year	Granted as remuneration	Exercised	Other changes	Vested and exercisable at the end of the reporting period	Held at the end of reporting period
Directors						
Simon O'Loughlin	-	-	-	125,000	125,000	125,000
Donald Stephens	-	-	-	125,000	125,000	125,000
Jason Tonelli	-	-	-	250,000	250,000	250,000
Emmanuel Foundas	-	-	-	250,000	250,000	250,000
				750,000	**750,000**	**750,000**

Other transaction with Directors and Key Management Personnel

During the reporting period, the Group used legal services of one Company Director (Mr Simon O'Loughlin) and the law firm over which he exercises significant influence. The amount billed related to this legal service amounted to $85,415 (2016: Nil), based on normal market rate and was fully paid as of the reporting date.

In May 2017, the Company offered the employees of MSGooroo the opportunity to sacrifice a portion of their salaries in exchange for equity in the Company (the 'Offer'). Mr Greg Muller and Mr Jose Miguel Herrera Perea elected to participate in the offer. The terms of the arrangement are:

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

Loans to/from Directors and KMP

There were no loans to Directors and KMP during the financial year ended 30 June 2017 (2016: Nil).

The table fellow provides aggregate information relating to Group's loan from Directors and KMP during the year

	2017 $
Balance at the start of the year	263,331
Repayments	(263,331)
Balance at the end of the year	**-**

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director: ....
Greg Muller

Dated this 27th day of September 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Gooroo Ventures Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Gooroo Ventures Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner - Audit & Assurance

Adelaide, 27 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue	5	**24,135**	1,673
Other income		**253**	18
Finance income	5	**43,890**	-
Employee benefits expense		**(1,579,756)**	(96,755)
Depreciation, amortisation and impairment expense		**(97,227)**	(8,411)
Corporate transaction costs		**(142,310)**	-
Share-based payments	29	**(263,467)**	(159,819)
Product development costs		**(91,491)**	-
Other expenses	6	**(1,201,631)**	(313,217)
Finance costs	6	**(87)**	(19,154)
Loss before income tax		**(3,307,691)**	(595,665)
Income tax benefit	7	**632,920**	238,681
Net loss attributable to equity holders of the company		**(2,674,771)**	(356,984)
Other comprehensive income		**-**	-
Total comprehensive loss attributable to equity holders of the company		**(2,674,771)**	(356,984)

Loss per share

Basic loss per share (cents)	**(5.65)**	(1.46)
Diluted loss per share (cents)	**(5.65)**	(1.46)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**1,829,292**	533,592
Trade and other receivables	9	**28,550**	15,236
Current tax receivable	11	**736,920**	270,913
Other assets	13	**38,595**	4,021
TOTAL CURRENT ASSETS		**2,633,357**	823,762
NON-CURRENT ASSETS			
Property, plant and equipment	10	**86,478**	-
Intangible assets	12	**1,200,155**	445,065
TOTAL NON-CURRENT ASSETS		**1,286,633**	445,065
TOTAL ASSETS		**3,919,990**	1,268,827
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**349,234**	211,986
Borrowings	15	**-**	1,185,463
Short-term provisions	16	**29,012**	12,798
Other liabilities	17	**38,480**	-
TOTAL CURRENT LIABILITIES		**416,726**	1,410,247
TOTAL LIABILITIES		**416,726**	1,410,247
NET ASSETS		**3,503,264**	(141,420)
EQUITY			
Issued capital	18	**6,654,928**	435,585
Reserves	19	**234,300**	134,188
Accumulated losses	20	**(3,385,964)**	(711,193)
TOTAL EQUITY		**3,503,264**	(141,420)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Ordinary Shares	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2016	**435,585**	**(711,193)**	**134,188**	**(141,420)**
Loss for the year	**-**	**(2,674,771)**	**-**	**(2,674,771)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**(2,674,771)**	**-**	**(2,674,771)**
Transactions with owners in their capacity as owners				
Conversion of convertible notes	**1,475,000**	**-**	**(25,476)**	**1,449,524**
Conversion of A class shares	**213,089**	**-**	**(213,089)**	**-**
Shares issued during the year	**5,365,876**	**-**	**-**	**5,365,876**
Transaction costs	**(855,622)**	**-**	**84,410**	**(771,212)**
Share based payments	**21,000**	**-**	**254,267**	**275,267**
Balance at 30 June 2017	**6,654,928**	**(3,385,964)**	**234,300**	**3,503,264**

2016

	Ordinary Shares	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2015	262,050	(354,209)	-	(92,159)
Loss for the year	-	(356,984)	-	(356,984)
Other comprehensive income	-	-	-	-
Total other comprehensive income for the year	-	(356,984)	-	(356,984)
Transactions with owners in their capacity as owners				
Share based payments	106,547	-	110,082	216,629
Shares issued during the year	66,988	-	-	66,988
Convertible notes - equity component	-	-	24,106	24,106
Balance at 30 June 2016	435,585	(711,193)	134,188	(141,420)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**26,370**	1,691
Payments to suppliers and employees		**(2,879,469)**	(283,361)
Research & development tax incentive received		**235,450**	150,264
Finance costs		**(87)**	(2,197)
Interest received		**40,928**	-
Net cash used in operating activities	28	**(2,576,808)**	(133,603)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(101,959)**	(6,978)
Purchase and development of intangible assets		**(825,036)**	(228,255)
Net cash used by investing activities		**(926,995)**	(235,233)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**5,000,001**	66,988
Proceeds from issue of convertible notes		**455,000**	946,238
Proceeds from borrowings		**(263,331)**	(111,882)
Transaction costs		**(392,167)**	-
Net cash used by financing activities		**4,799,503**	901,344
Net increase/(decrease) in cash and cash equivalents held		**1,295,700**	532,508
Cash and cash equivalents at beginning of year		**533,592**	1,084
Cash and cash equivalents at end of financial year	8	**1,829,292**	533,592

The accompanying notes form part of these financial statements.

1 General information and statement of compliance

The consolidated financial report covers the consolidated financial statements and notes of Gooroo Ventures Limited ("the Company") as an individual entity and the consolidated Group comprising Gooroo Ventures Limited and its controlled entities ('the Group'). Gooroo Ventures Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

The consolidated financial statements for the year ended 30 June 2017 was authorised for issue by the Directors on 27 September 2017.

2 Summary of Significant Accounting Policies

(a) New and revised accounting standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2016. Information on the more significant standard(s) is presented below.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

AASB 2014-4 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

AASB 2014-9 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(a) New and revised accounting standards that are effective for these financial statements

and the statement of financial position can be disaggregated

- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

(b) Accounting Standards issued but not yet effective and not been adopted by the Group

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements that may be relevant to the Group and their impact:

Standard Name	Effective date for entity (annual reporting periods beginning on or after)	Nature of change	Likely Impact
AASB 9 Financial Instruments	1 January 2018	This Standard will be applicable retrospectively and includes revised requirements for the calssification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 15 Revenue from contracts with customers and associated Amending Standards	1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(b) Accounting Standards issued but not yet effective and not been adopted by the Group

Standard Name	Effective date for entity (annual reporting periods beginning on or after)	Nature of change	Likely Impact
AASB 16 Leases	1 January 2019	This Standard replaces AASB 117 Leases and some lease-related Interpretations. It requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It provides new guidance on the application of the definition of lease and on sale and lease back account.	When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	This standard amends AASB 112 Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-2 Disclosure Initiative – Amendment to AASB 107	1 January 2017	This standard amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-5 Amendments to Australian Accounting Standards - Clas sification and Measurement of Sharebased Payment Transactions	1 January 2018	This Standard amends AASB 2 Share-based Payment to address: -The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; -The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and -The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

(c) Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

(d) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

2 Summary of Significant Accounting Policies

(d) Basis for consolidation

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 25 to the financial statements.

(e) Group restructure

Gooroo Ventures Limited was incorporated to be the vehicle for ASX listing of the existing MSGooroo Pty Ltd company and business. The existing MSGooroo Pty Ltd shareholders exchanged their shares for shares in Gooroo Ventures Limited and MSGooroo Pty Ltd became a 100% owned subsidiary of Gooroo Ventures Limited. The transaction had no economic substance and has been treated as a restructure. The financial statements are prepared as a continuation of MSGooroo Pty Ltd with all assets and liabilities measured at existing book values. Costs incurred by Gooroo Ventures Limited in relation to the acquisition and listing have been treated as an expense. The impact of the above on each of the primary statements is as follows:

Consolidated Statement of Financial Position

The 30 June 2017 and 30 June 2016 statement of financial position represent both Gooroo Ventures Limited and MSGooroo Pty Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The 30 June 2017 figures represent 12 months of activities of MSGooroo Pty Ltd and activities of Gooroo Ventures Limited since its inception on 28 July 2016. The 30 June 2016 figures represent activities of MSGooroo Pty Ltd only, as Gooroo Ventures Limited was not yet incorporated.

Consolidated Statement of Changes in Equity

The 30 June 2017 figures comprise of changes in equity for both MSGooroo Pty Ltd and Gooroo Ventures Limited. The 30 June 2016 figures represent changes in equity of MSGooroo Pty Ltd only, as Gooroo Ventures Limited was not yet incorporated.

Consolidated Statement of Cash Flows

The 30 June 2017 statement of cash flows represents the cash transactions of both MSGooroo Pty Ltd and Gooroo Ventures Limited. The 30 June 2016 statement of cash flows represent the cash transactions of MSGooroo Pty Ltd only, as Gooroo Ventures Limited was not yet incorporated.

(f) Income taxes

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the Australian Taxation Office (ATO) and other fiscal authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

2 Summary of Significant Accounting Policies

(f) Income taxes

- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Research and development tax incentive

Research and development tax incentive income is recognised at fair value when there is reasonable assurance that the income will be received. Income from research and development tax incentive is recognised as an offset against income tax expense or benefit.

(g) Leases

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

(h) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Service revenue

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

2 Summary of Significant Accounting Policies

(i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred and reported in finance costs.

(j) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

IT equipment and other equipment

Plant and equipment are measured using the cost model.

Depreciation

Depreciation is recognised on either the straight-line basis or the reducing balance basis to write down the cost less estimated residual value of IT equipment and other equipment. The following useful lives are applied:

- Computer equipment: 2 - 5 years
- Furniture and fittinngs and office equipment: 3 - 10 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(l) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

2 Summary of Significant Accounting Policies

(l) Financial instruments

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL);
- available-for-sale (AFS) financial assets; and
- held-to-maturity (HTM) investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(l) Financial instruments

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(m) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(n) Other Intangible Assets

Acquired intangible assets

Acquired intellectual properties are capitalised on the basis of the costs incurred to acquire them. They are carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when the asset is available for use.

Internally developed software

Expenditure on the research phase of projects is recognised as an expense when incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the Group intends to and has sufficient resources to complete the project

2 Summary of Significant Accounting Policies

(n) Other Intangible Assets

Internally developed software

- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Costs that are directly attributable include employees' costs incurred on software development, along with an appropriate portion of relevant overheads.

Subsequent measurement

All intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 2(m).

The following useful lives are applied:

- software: 5 years
- intellectual property: 20 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing as described in Note 2(m).

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(o) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Short-term investments have original maturities of three months or less.

(p) Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits expected to be settled more than twelve (12) months after the end of the reporting period 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 requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

2 Summary of Significant Accounting Policies

(q) 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 at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(t) Equity-settled compensation

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares (‘equity settled transactions’). There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Binomial Option Pricing formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 29. The expected price volatility is based on the historic volatility of the Company’s share price on the ASX.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Gooroo Ventures Limited (‘market conditions’).

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(t) Equity-settled compensation

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

(u) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(v) Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of $2,674,771 (2016: $356,984) and a net cash outflow from operating and investing activities of $3,503,803 (2016: $368,836) during the reporting period. The Group's ability to continue as a going concern is contingent upon generation of cash flow from its business and/or successfully raising additional capital. If sufficient cash flow is not generated and/or additional capital funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Impairment of intangible assets

The Group assesses impairment at end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions

Share-based payment transactions

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period.

Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different input estimates or models could produce different option values, which would result in the recognition of a higher or lower expense.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Note 2(m)).

4 Operating Segments

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

Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Revenue and Other Income

Revenue from continuing operations

	2017 $	2016 $
Sales revenue		
- Employment Services	**19,570**	-
- Learning Services	**4,565**	1,673
Total sales revenue	**24,135**	1,673
Finance income		
- interest from cash and cash equivalents	**43,890**	-
Total finance income	**43,890**	-

6 Expenses

The result for the year includes the following specific expenses:

	2017 $	2016 $
Finance Costs:		
- Interest paid	**87**	19,154
Total finance costs	**87**	19,154
Other Expenses:		
Professional fees	**98,598**	-
Auditing or reviewing the financial report	**27,000**	10,000
Advertising and marketing	**245,945**	44,014
Agency fees	**24,508**	-
Account fees	**2,802**	905
ASX fees	**75,321**	-
Consulting fees	**79,272**	178,865
Computer costs - other	**14,781**	21,036
Legal costs	**6,249**	12,037
Donation	**50,600**	10,000
Insurance	**25,548**	5,644
HR outsourcing	**83,000**	-
Outgoings	**19,991**	-
Rental expenses	**67,646**	1,800
Research costs	**48,543**	2,138
Sales support	**183,745**	-
Share registry service	**12,403**	-
Travel expenses	**47,330**	-
Impairment loss on non-financial assets	**13,707**	-
Other operating expenses	**74,642**	26,778
Total other expenses	**1,201,631**	313,217

Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Income Tax Expense

(a) The major components of tax expense (income) and the reconciliation of the expected tax expense (income) based on the domestic tax rate of Gooroo Ventures Limited at 30% (2016: 30%) and the reported tax expenses in profit or loss are as follows:

	2017	2016
	$	$
Current tax charge/(benefit)	**65,575**	-
Research & development tax incentive	**(698,495)**	-
Total income tax expense	**(632,920)**	-

(b) Reconciliation of income tax to accounting profit:

	2017	2016
	$	$
Loss before tax	**(3,307,691)**	(595,665)
Domestic income tax rate	**30%**	30%
Expected tax benefit	**(992,307)**	(178,700)
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	**25,056**	2,523
- share-based payments	**79,040**	47,946
- non-deductible expenses	**115,837**	19,118
- other non-allowable items	**296,526**	135,478
- Tax portion of share issue costs	**65,575**	-
	(410,273)	26,365
Less:		
Tax effect of:		
- deductible depreciation and amortisation	**30,430**	542
- other deductible items	**68,879**	72,228
R&D tax incentive	**698,495**	238,681
Tax losses not recognised due to not meeting recognition criteria	**575,157**	46,405
Income tax expense	**(632,920)**	(238,681)

The Company has tax losses arising in Australia of $2,211,135 (2016: $293,945) that are available for offset against future taxable profits of the Company.

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

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

	2017	2016
Tax portion of share issue costs	**(65,575)**	-
	(65,575)	-

Notes to the Financial Statements
For the Year Ended 30 June 2017

8 Cash and Cash Equivalents

	2017	2016
	$	$
Cash at bank and in hand	**579,292**	533,592
Short-term deposits	**1,250,000**	-
	1,829,292	533,592

9 Trade and Other Receivables

	2017	2016
CURRENT		
Trade receivables	**7,744**	-
	7,744	-
GST receivable	**20,806**	15,236
Total current trade and other receivables	**28,550**	15,236

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. All of the Group's trade and other receivables have been reviewed for indicators of impairment.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

10 Property, plant and equipment

	2017	2016
Furniture and fittings		
At cost	**49,760**	-
Accumulated depreciation	**(2,228)**	-
Total furniture, fixtures and fittings	**47,532**	-
Office equipment		
At cost	**4,912**	-
Accumulated depreciation	**(948)**	-
Total office equipment	**3,964**	-
Computer equipment		
At cost	**51,452**	4,166
Accumulated depreciation	**(16,470)**	(4,166)
Total computer equipment	**34,982**	-
Total property, plant and equipment	**86,478**	-

Notes to the Financial Statements
For the Year Ended 30 June 2017

10 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture and Fittings	Office Equipment	Computer Equipment	Total
	$	$	$	$
Year ended 30 June 2017				
Balance at the beginning of year	**-**	**-**	**-**	**-**
Additions	**49,760**	**4,912**	**47,286**	**101,958**
Depreciation expense	**(2,228)**	**(948)**	**(12,304)**	**(15,480)**
Balance at the end of the year	**47,532**	**3,964**	**34,982**	**86,478**

	Furniture and Fittings	Office Equipment	Computer Equipment	Total
	$	$	$	$
Year ended 30 June 2016				
Balance at the beginning of year	-	-	1,433	1,433
Additions	-	-	968	968
Depreciation expense	-	-	(2,401)	(2,401)
Balance at the end of the year	-	-	-	-

11 Tax assets and liabilities

	2017	2016
	$	$
Current tax	**2,962**	-
R&D tax incentive receivable	**733,958**	270,913
Current tax receivable	**736,920**	270,913

Notes to the Financial Statements
For the Year Ended 30 June 2017

12 Intangible Assets

	2017	2016
	$	$
Internally generated intangbile assets		
Cost	**1,055,041**	230,005
Accumulated amortisation and impairment	**(81,746)**	-
Net carrying value	**973,295**	230,005
Intellectual property		
Cost	**226,860**	215,060
Net carrying value	**226,860**	215,060
Total Intangibles	**1,200,155**	445,065

(a) Movements in carrying amounts of intangible assets

	Internally generated intangbile assets	Intellectual property	Total
	$	$	$
Year ended 30 June 2017			
Balance at the beginning of the year	**230,005**	**215,060**	**445,065**
Acquired	**-**	**11,800**	**11,800**
Internally generated	**825,036**	**-**	**825,036**
Amortisation	**(68,039)**	**-**	**(68,039)**
Impairment	**(13,707)**	**-**	**(13,707)**
Closing value at 30 June 2017	**973,295**	**226,860**	**1,200,155**

	Internally generated intangbile assets	Intellectual property	Total
	$	$	$
Year ended 30 June 2016			
Balance at the beginning of the year	-	-	-
Additions	-	215,060	215,060
Additions - internally generated	230,005	-	230,005
Closing value at 30 June 2016	230,005	215,060	445,065

An impairment loss of $13,707 (2016: Nil) was recognised for Gooroo Think, an internally developed software. The recoverable amount of the asset is its value-in-use, determined based on management's expectation of the net profits that will be derived from utilising or disposal of the asset. The management determined recoverable amount for Gooroo Think was nil.

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Other Assets

	2017	2016
	$	$
CURRENT		
Prepayments	**11,013**	4,021
Rental bonds	**27,582**	-
Total other assets	**38,595**	4,021

14 Trade and Other Payables

	2017	2016
	$	$
Current		
Trade payables	**242,163**	186,380
Other payables	**107,071**	25,606
Total trade and other payables	**349,234**	211,986

All amounts are short-term and the carrying amounts are considered to be a reasonable approximation of fair value.

15 Borrowings

CURRENT			
Unsecured liabilities:			
Convertible notes - liability component		**-**	922,132
Loans from related parties	27	**-**	263,331
Total current borrowings		**-**	1,185,463

The conversion of the convertible notes occured on 12 October 2017 upon Gooroo's admission by the ASX.

Loans from related parties were fully repaid during the reporting preiod.

16 Provisions

All provisions are considered current. The carrying amounts and movements in the provisions account are as follows:

	Annual leave	Total
	$	$
Opening balance at 1 July 2016	**12,798**	**12,798**
Additional provisions	**129,673**	**129,673**
Provisions used	**(113,459)**	**(113,459)**
Balance at 30 June 2017	**29,012**	**29,012**

17 Other Liabilities

CURRENT		
Employee salary sacrifice liability	**38,480**	-
	38,480	-

In May 2017, a number of MSGooroo employees entered into a salary sacrifice agreement with the company. The

Notes to the Financial Statements

For the Year Ended 30 June 2017

17 Other Liabilities

employees will be entitled to an issue of shares in Gooroo Ventures Limited valued to be equal to their salaries sacrificed plus a 20% premium. A number of terms and conditions will need to be satisfied prior to the issue of those shares.

18 Issued Capital

(a) Share capital

The share capital of Gooroo consists of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Gooroo.

	No. of shares	2017 $
Shares issued and fully paid (3)		
Balance on incorporation	**1**	**1**
Issued on conversion of convertible notes	**9,218,750**	**1,475,000**
Issued during the period (1)	**25,000,000**	**5,000,000**
Issued to broker	**1,204,375**	**240,875**
issued to MSGooroo shareholders (2)	**26,000,000**	**773,674**
Issued to consultant	**100,000**	**21,000**
Transaction costs in relation to share issue	**-**	**(855,622)**
	61,523,126	**6,654,928**

1. During the year, the Company issued 25,000,000 shares under the Initial Public Offering to raise $5,000,000.
2. As part of the consideration for the acquisition of MSGooroo Pty Ltd by Gooroo Ventures Limited, the previous owners of MSGooroo Pty Ltd transferred their shareholdings to Gooroo Ventures Limited in exchange for 26,000,000 ordinary shares in Gooroo Ventures Limited. In addition, these parties may be issued up to 54,000,000 additional shares in the Company upon the achievement of certain milestones.
3. The number of shares disclosed in this note is the number of shares in Gooroo Ventures Limited while the carrying value of shares ($) discloses the opening share capital of MSGooroo Pty Ltd on 1 July 2016 adjusted for movements prior to the IPO, and all movements in Gooroo Ventures Limited subsequent to the IPO.

Notes to the Financial Statements
For the Year Ended 30 June 2017

18 Issued Capital

(b) Performance shares

	No of shares	2017 $
Balance on incorporation	-	$ -
A Class performance shares issued	22,000,000	-
B Class performance shares issued	22,000,000	-
C Class performance shares issued	10,000,000	-
Balance at the end of reporting period	**54,000,000**	$ -

Shareholders of MSGooroo Pty Ltd were granted 54,000,000 Performance Shares as part of the consideration of the acquisition by Gooroo. The management has determined that no value is to be recognised for the Performance Shares for the year ended 30 June 2017. The terms and conditions of the Performance Shares are summarised below:

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Issued Capital

(c) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes Notes 18, 19 and 20 respectively.

Proceeds from share issues are used to maintain and expand the Group's software developments and fund operating costs.

There are no externally imposed capital requirements.

19 Reserves

	2017 $	2016 $
Convertible instruments reserve		
Opening balance	**24,106**	-
Convertible notes - equity component	**-**	25,476
Conversion of convertible notes	**(24,106)**	-
Transaction costs	**-**	(1,370)
Closing balance	**-**	24,106
Share-based payments reserve		
Opening balance	**110,082**	-
Share-based payments	**177,490**	110,082
Conversion of A class shares	**(53,272)**	-
Closing balance	**234,300**	110,082
Total reserves	**234,300**	134,188

(a) Convertible instruments reserve

The convertible instruments reserve is used to record the value of the equity component of the convertible instruments.

(b) Share-based payments reserve

The share-based payments reserve is used to record the value of the equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. Refer to Note 29 for further details of the securities issued during the financial year.

20 Accumulated Losses

	2017	2016
Accumulated losses at the beginning of the financial year	**(711,193)**	(354,209)
Net loss for the financial year	**(2,674,771)**	(356,984)
Accumulated losses at end of the financial year	**(3,385,964)**	(711,193)

Notes to the Financial Statements
For the Year Ended 30 June 2017

21 Losses per Share

	2017	2016
	$	$
Losses used to calculate basic and dilutive losses per share	(2,674,771)	(356,984)

	2017	2016
	No.	No.
Weighted average number of ordinary shares used in calculating basic loss per share	47,374,291	24,422,178
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share	47,374,291	24,422,178

There is no impact from 80,000,000 Performance Shares on issue and 1,364,231 options oustanding at 30 June 2017 (2016: Nil) on the earnings per share calculation because they are anti-dilutive. These Performance Shares and options could potentially dilute basic EPS in the future.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statememnts.

22 Leases

(a) Operating Leases as lessee

	2017	2016
Minimum lease payments due:		
- not later than one year	105,000	-
- between one year and five years	8,333	-
- later than five years	-	-
	113,333	-

An operating lease is in place for the office space and has a term of 12 months starting from August 2017. Lease payments are increased on an annual basis to reflect market rentals.

23 Financial Risk Management

Exposure to liquidity risk credit risk and interest rate risk arises in the normal course of the Company's business. The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

The Group's financial assets and liabilities by category are as follows:

	Note	2017	2016
Financial Assets			
Cash and cash equivalents	8	1,829,292	533,592
Trade and other receivables	9	762,508	286,149
Total financial assets		2,591,800	819,741
Financial Liabilities			
Trade and other payables	14	349,234	211,986
Borrowings	15	-	1,185,463
		349,234	1,397,449

Notes to the Financial Statements

For the Year Ended 30 June 2017

23 Financial Risk Management

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Directors expect that present levels of liquidity along with future capital raising will be adequate to meet expected capital needs.

Trade and other payables are the only financial liabilities of the Group.

Credit risk

Credit risk represents the risk that the conterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2017.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group''s exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Company manages the risk by investing in short term deposits.

	2017	2016
	$	$
Floating rate instruments		
Cash and cash equivalents	**1,829,292**	533,592

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-0.50% (2016: +/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2017		2016	
	0.50%	-0.50%	0.50%	-0.50%
	$	$	$	$
Net results	**13,2**	**(13,29**		
Equity	**13,2**	**(13,29**		

24 Auditors' Remuneration

	2017	2016
	$	$
Audit and review of financial statements by Grant Thornton Australia		
- Financial statements	**27,000**	10,000
- Investigating Accountants Report	**11,000**	-
Total auditor's remuneration	**38,000**	10,000

Notes to the Financial Statements
For the Year Ended 30 June 2017

25 Interests in Subsidiaries

Subsidiaries:	Principal place of business / Country of Incorporation	Percentage Owned (%)*
		2017
MSGooroo Pty Ltd	Australia	**100**

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016:None).

27 Related Party Transactions

The Group's related parties inlcude its key management, associates and subsidiaries. Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(a) Transactions with key management personnel

Details of the nature and amount of each element of the emolument of each Director and key management personnel of the Group for the financial year are as follows:

	2017 $	2016 $
Short term employee benefits	**712,273**	193,090
Post employment benefits	**57,406**	-
Share-based payments	**82,650**	-
Total remuneration	**852,329**	193,090

(b) Loans to/from related parties

The table below explains the Group's loans to/from key management personnel and other related parties during 2017 and 2016 financial years.

Loans from KMP		
beginning of the financial year	**263,331**	264,503
Loans received	**-**	344,674
Loan repayments	**(263,331)**	(365,000)
Interest charged	**-**	19,154
End of the financial year	**-**	263,331
Loans to other related parties		
beginning of the financial year	**-**	25,000
Loan repayments	**-**	(25,000)
End of the financial year	**-**	-

Notes to the Financial Statements
For the Year Ended 30 June 2017

27 Related Party Transactions

(c) Transactions with other 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.

During the reporting period, the Group used legal services of one Company Director (Mr Simon O'Loughlin) and the law firm over which he exercises significant influence. The amount billed related to this legal service amounted to $85,415 (2016: Nil), based on normal market rate and was fully paid as of the reporting date

28 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2017 $	2016 $
Loss for the year	**(2,674,771)**	(356,984)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	**68,039**	-
- depreciation	**15,481**	8,411
- Impairment	**13,707**	-
- share-based payments	**263,467**	159,819
- tax portion of share issue costs	**65,575**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(485,674)**	(73,037)
- (increase)/decrease in other assets	**(27,582)**	-
- (increase)/decrease in prepayments	**(6,992)**	(112)
- increase/(decrease) in trade and other payables	**137,248**	118,226
- increase/(decrease) in other liabilities	**38,480**	-
- increase/(decrease) in employee benefits	**16,214**	10,074
Cashflows from operations	**(2,576,808)**	(133,603)

29 Share-based Payments

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

The fair value at grant date of options granted during the financial year was determined using a variation of the bionomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Notes to the Financial Statements

For the Year Ended 30 June 2017

29 Share-based Payments

(a) Options granted

The table below summarises options granted during the financial year:

2017 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Balance at the end of the year	Vested and exercisable at the end of the year
12 October 2016	12 October 2019	0.25	-	750,000	750,000	750,000
12 October 2016	12 April 2019	0.20	-	614,231	614,231	614,231

The weighted average remaining contractual life of options outstanding at year end was 2.1 years (2016: -).

The weighted average exercise price of outstanding shares at the end of the reporting period was $0.23.

The following principal assumptions were used in the valuation:

Grant date:	12 October 2016	12 October 2016
Expiry date:	12 October 2019	12 April 2019
Share price at grant date ($):	0.20	0.20
Exercise price ($):	0.25	0.20
Expected share price volatility:	93.47%	93.47%
Dividend yield:	%	%
Risk-free interest rate:	2.71%	2.71%
Fair value at grant date ($):	0.1102	0.1117
Weighted average remaining contractual life (years):	2.28	1.78

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.

No options were excised in the financial year.

(b) Other share-based payments

Conversion of A Class Shares

Prior to the completion of the acquisiton by Gooroo Ventures on 12 October 2016, 82,950 A Class shares in MSGooroo which were held by the Advisory Board members of MSGooroo were converted into ordinary shares as pursuent to the Subscription Agreement. The fair value of the ordinary shares granted was recognised on conversion in the profit or loss as an share-based payment expense. The total value was determined to be $159,817 based on the total fair value of the services weighted by the number of total equity instruments granted under the Subscription Agreement.

Broker's Contractual Rights

In accordance with the Mandate Letter (refer to IPO Prospectus section 7.6), Taylor Collison Limited is entitled to be issued further ordinary shares, calculated at 2% of the performance shares issued, should the milestones attached to the A Class Performance Shares, B Class Performance Shares and C Class Performance Shares be met. The fair value of the contractual rights arising from the agreement was estimated to be $83,040 on the date of the issurance of the Performance Shares. The value was estimated based on the number of ordinary shares would be issued to Taylor Collison Limited factoring in the probability of the milestones being met, multiplied by the IPO share price. The amount was debited to issued capital as a transaction cost.

In total, $301,947 (2016: $159,819) of share-based payment expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2017

30 Events Occurring After the Reporting Date

In September 2017, the Company submitted an application for the Export Market Development Grants (EMDG) for the year ended 30 June 2017. The grant receivable is estimated to be $144,000. The amount receivable is subject to audit by Austrade.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31 Parent entity

The following information has been extracted from the books and records of the parent entity, Gooroo Ventures Limited and has been prepared in accordance with accounting policies with those presented in Note 2.

	2017
	$
Statement of financial position	
Current assets	1,274,494
Total assets	3,551,620
Current liabilities	45,356
Total liabilities	48,356
Net assets	**3,503,264**
Issued capital	6,655,109
Share-based payment reserve	234,300
Accumulated losses	3,386,145
Total equity	**3,503,264**
Statement of profit or loss and other comprehensive income	
Loss for the year	(3,386,145)
Other comprehensive income	-
Total comprehensive income	**(3,386,145)**

Gooroo Ventures Limited was incorporated on 28 July 2016. The Parenty Entity has no capital commitments, not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

Gooroo Ventures Limited

ABN 96 613 924 744

Directors' Declaration

1. In the opinion of the Directors of Gooroo Ventures Limited:

    a. the consolidated financial statements and notes of Gooroo Ventures Limited are in accordance with the *Corporations Act 2001* including:

        i. giving a true and fair view of the financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

        ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001*; and

    b. There are reasonable grounds to believe that the Gooroo Ventures Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Office and Chief Financial Officer for the financial year ended 30 June 2017.

3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Gregory Muller

Dated this 27th day of September 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Gooroo Ventures Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Gooroo Ventures Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2(v) in the financial statements, which indicates that the Group incurred a net loss of $2,674,771 during the year ended 30 June 2017, and incurred net cash outflows from operating and investing activities totalling $3,503,803. These conditions, along with other matters as set forth in Note 2(v), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible assets **Note 12**	
The Group has capitalised development costs of $1,200,155. Under AASB 138 *Intangible Assets*, certain criteria are stipulated in order to classify expenditure as 'development phase' costs, for example, demonstrating the feasibility of the asset and ability to sell the asset in the market. Should these criteria be achieved then all directly attributable costs must be capitalised. This area is a key audit matter due to the subjectivity involved in determining the costs capitalised meet the recognition criteria of AASB 138.	Our procedures included, amongst others: • documenting and evaluating the processes and internal controls relating to capitalised development costs; • examining a sample of invoiced costs capitalised to determine the nature of the cost and assessing whether the cost meets the capitalisation criteria of AASB 138; • examining a sample of employees costs capitalised and assessing the role and responsibility of the employee, performing a recalculation of remuneration and analytically reviewing the time capitalised on a monthly basis for each employee; • tracing a sample of employee costs capitalised to source documentation to confirm the time allocation to the respective projects; • performing testing to identify any costs that were capitalised following the launch of a product; and • assessing the adequacy of the Group's disclosures within the financial statements with regard to capitalised development costs.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets **Note 12**	
Intangible assets represent capitalised development costs for products not yet launched. AASB 136 *Impairment of Assets* requires an annual impairment test for intangible assets with an indefinite life or an intangible asset not yet available for use by comparing its recoverable amount with its carrying amount. The process undertaken by management to assess whether a project is in the development phase involves an element of management judgement. Impairment considerations in relation to capitalised development costs for products not yet launched is considered to be a key audit matter due to the degree of management judgement and assumptions applied in assessing impairment.	Our procedures included, amongst others: • obtaining the impairment and valuation model prepared by management; • testing the mathematical accuracy of the model; • assessing and evaluating the qualifications and expertise of managements' experts who assisted with the assumptions used in the management model; • discussing pertinent aspects of the model with management to assess consistency with AASB 136; • identifying the key assumptions used in the model and comparing them to historical and industry data; • performing sensitivity analysis on the key assumptions and assessing the effect on the carrying value; and • assessing the adequacy of the related disclosures in the financial statements.
Share based transactions **Note 29**	
The Group awarded options and shares in the current year to employees, suppliers and directors. The Group uses assumptions in respect of future market and economic conditions. This is a key audit matter due to the management judgement and estimates used in the valuation of share based payments.	Our procedures included, amongst others: • agreeing share based payments and key inputs to the underlying agreements; • reviewing commercial rates for similar Advisory Board roles; • agreeing the appropriateness of assumptions applied by comparing with industry and historical information; • verifying the mathematical accuracy of the valuation model for share based payments; and • assessing the adequacy of the disclosures in respect to share-based payments.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors' for the financial report

The Directors of the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Gooroo Ventures Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner - Audit & Assurance

Adelaide, 27 September 2017