

31 August 2015

Company Announcement Office  
Australian Securities Exchange Limited

**Re: Appendix 4E**

Attached please find Appendix 4E of GoConnect Ltd: Preliminary Final Report for the year ended 30 June 2015.

**Review of Operations highlights:**

- Consolidated operating revenue decreased by 38.83% to \$289,280 compared to year before.
- Consolidated operating loss increased by 77.13% to \$2,477,548 compared to year before.
- Half year to 30 June 2015 revenues increased by 2,917% to \$280,000 compared to revenues of \$9,280 for half year to 31 December 2014.
- Half year to 30 June 2015 total comprehensive profit improved by 150% to \$2,484,286 compared to loss of \$4,961,834 for half year to 31 December 2014.
- Between June and August 2015, Go Zhongshe completed 2 important agreements for exclusive purchase and sale of Jianshui County table grapes that will underpin strong revenue and profitability of Go Zhongshe Group from 2016.
- GoConnect is completing an Offer for 5 million shares in Go Zhongshe Ltd for \$5 million and continuing to hold balance of 95 million shares in Go Zhongshe or about 31.6% of the company.
- GoConnect to pay a special dividend of 0.5 cent per share for total distribution of about \$500,000 subject to and upon completion of the Offer of Go Zhongshe shares.
- GoConnect has an unrecognized deferred tax asset of \$22.91 million realizable subject to distribution of Go Zhongshe future earnings, if any, and any sale of Go Zhongshe shares.
- Pro forma total equity of GoConnect as at 30 June 2015 estimated at \$23.39 million.
- GoConnect will continue to assist Go Zhongshe Group to develop its China businesses in agricultural product branding and marketing, agricultural tourism, and multi-platform entertainment media in accordance with Chinese government policies and recently announced initiatives for the agricultural industry.

# Appendix 4E

## Preliminary final report

### Year ended on 30 June 2015

#### Item 1

Name of entity

GOCONNECT LIMITED

ACN or equivalent company reference

089 240 353

Current reporting period

30 June 2015

Previous corresponding period

30 June 2014

#### Item 2

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

<b>2.1</b> Revenues from continuing operations	Down	38.83%	to	289,280
<b>2.2</b> Loss from continuing operations after tax attributable to members	Up	77.13%	to	(2,477,548)
<b>2.3</b> Net loss for the period attributable to members	Up	77.13%	to	(2,477,548)

#### **2.4** Dividends distributions

No dividends are proposed or paid during the reporting period and the previous corresponding period.

For explanation relating to item 2.1; 2.2 and 2.3 please see **item 12**

**Item 3 – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Note</b>	<b>Current period</b> <b>\$</b>	<b>Previous</b> <b>corresponding</b> <b>period</b> <b>\$</b>
Revenue		289,280	472,946
Other income		2,171,073	-
Virtual Internet Service network operating costs		(24,473)	(55,315)
Employee benefits expense		(274,957)	(1,104,814)
Depreciation and amortisation expenses		-	(32,146)
Finance costs		(100,247)	(249,118)
Impairment and write off assets		(4,766,286)	-
Office rent expense		(109,698)	(226,515)
Other expenses		(148,288)	(203,767)
<b>Loss before income tax</b>		<b>(2,963,596)</b>	<b>(1,398,729)</b>
Income tax (expense)		-	-
<b>Loss for the year</b>		<b>(2,963,596)</b>	<b>(1,398,729)</b>
<b>Other comprehensive income:</b>			
- Gain on revalue of financial asset		486,048	-
<b>Total comprehensive loss for the year</b>		<b>(2,477,548)</b>	<b>(1,398,729)</b>
<b>Loss attributable to:</b>			
<b>Member of the parent entity</b>		<b>(2,963,596)</b>	<b>(1,398,729)</b>
<b>Non-controlling interest</b>		-	-
<b>Total comprehensive loss attributable to:</b>			
<b>Member of the parent entity</b>		<b>(2,477,548)</b>	<b>(1,398,729)</b>
<b>Non-controlling interest</b>		-	-
<b>Loss per share</b>			
From continuing operations		<b>Cents</b>	<b>Cents</b>
Basic loss per share	<b>2</b>	(0.3)	(0.1)
Diluted loss per share	<b>2</b>	(0.3)	(0.1)

The notes to this statement are contained in the accompanying Attachment.

**Item 4 – CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Note</b>	<b>Current period \$</b>	<b>Previous corresponding period - \$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		-	159
Trade and other receivables		-	296,018
Other financial asset		486,048	20
<b>Total current assets</b>		<b>486,048</b>	<b>296,197</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	<b>4</b>	200	40
Intangible asset		-	4,336,471
Plant and equipment		-	5,152
<b>Total non-current assets</b>		<b>200</b>	<b>4,341,663</b>
<b>Total assets</b>		<b>486,248</b>	<b>4,637,860</b>
<b>Current liabilities</b>			
Trade and other payables		2,517,751	4,781,664
Short-term provisions		-	66,330
<b>Total current liabilities</b>		<b>2,517,751</b>	<b>4,847,994</b>
<b>Non-current liabilities</b>			
Borrowings		1,994,031	1,710,123
Long-term provisions		-	3,228
<b>Total non-current liabilities</b>		<b>1,994,031</b>	<b>1,713,351</b>
<b>Total liabilities</b>		<b>4,511,782</b>	<b>6,561,345</b>
<b>Net liabilities</b>		<b>(4,025,534)</b>	<b>(1,923,485)</b>
<b>Equity</b>			
Issued capital	<b>5</b>	45,441,170	45,041,170
Reserves		1,258,048	772,000
Accumulated loss	<b>6</b>	(50,724,752)	(47,761,155)
Parent interest		(4,025,534)	(1,947,985)
Non-controlling interest		-	24,500
<b>Total capital deficiency</b>		<b>(4,025,534)</b>	<b>(1,923,485)</b>

The notes to this statement are contained in the accompanying Attachment.

**Item 5 – CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Note</b>	<b>Current period</b> <b>\$</b>	<b>Previous</b> <b>corresponding</b> <b>period - \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		-	220,682
Payments to suppliers and employees		(767,957)	(852,526)
<b>Net cash used in operating activities</b>		<b>(767,957)</b>	<b>(631,844)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of equity investments		125,000	-
Loans to other entities		-	(411)
Payment for property, plant and equipment		-	-
<b>Net cash used in investing activities</b>		<b>(642,957)</b>	<b>(411)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		400,000	-
Proceeds from borrowings		242,798	631,088
<b>Net cash provided by financing activities</b>		<b>642,798</b>	<b>631,088</b>
Net increase (decrease) in cash held		(159)	(756)
Cash at beginning of financial year		159	915
<b>Cash at end of financial year</b>		<b>-</b>	<b>159</b>

The notes to this statement are contained in the accompanying Attachment.

**Item 6**

*Details of individual and total dividends or distributions and dividend or distribution payments – N/A*

**Item 7**

*Details of any dividend or distribution reinvestment plans – N/A*

**Item 8**

*A statement of retained earnings showing movements – See Note 6 in the accompanying Attachment*

**Item 9**

*NTA backing*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	(0.40) cents	(0.64) cents

**Item 10**

*Details of entities over which control has been gained or lost during the period – See Note 3 in the accompanying Attachment*

**Item 11**

*Details of associates and joint venture entities – See Note 4 in the accompanying Attachment*

**Item 12**

*Other significant information*

The consolidated operating revenue of GoConnect Limited group (“the Group” or “GoConnect” or “GCN”) decreased by 38.83% to \$289,280 for the financial year compared to \$472,946 in the previous year.

The consolidated operating loss after income tax of the Group increased by 77.13% to \$2,477,548 for the financial year compared to a loss of \$1,398,729 in the previous year.

Refer to below Review of Operations for further comments.

**REVIEW OF OPERATIONS**

**COMPREHENSIVE INCOME**

	1st half of the year \$	2nd half of the year \$	Change %
Revenues from continuing operations	9,280	280,000	+2,917%
Total comprehensive Profit (loss)	(4,961,834)	2,484,286	+150%

As announced to the ASX on 9 February, 2015, the Board of GoConnect, resolved to let GoConnect Australia Pty Ltd (“GoConnect Australia”) to be liquidated rather than converting it to voluntary administration as envisaged previously. Accordingly, the business of GoConnect Australia was discontinued and deconsolidated as at that date from the Group. Deconsolidation of GoConnect Australia contributed substantially to an improved financial position of the Group in the second half of the financial year. Total comprehensive loss from the December 2014 half year of \$4,961,834 was

followed by a gain of \$2,484,286 for the second half of the financial year, largely derived from reduction in liabilities, representing a 150% improvement between the two half years. Revenue between the two halves also showed an improvement of 2,917% contributed by the sale of securities in the second half year.

Liquidation of GoConnect Australia has enabled the Group to focus its full attention on accelerating the development of its China business via its associate Go Zhongshe Ltd.

On 18 June 2015, Go Zhongshe entered into an agreement with the Jianshui County Trade Development Board and the Jianshui Table Grapes Farmers' Co-operative for the exclusive purchase of the Jianshui Table Grape Vineyard's harvest as from 2016. The agreement was signed one day after the Free Trade Agreement was signed between China and Australia. On 23 July 2015, the agreement was officially sealed by the 3 parties in an official ceremony attended by Austrade in Kunming, capital city of Yunnan Province. On 18 August 2015, GoConnect announced to the ASX that a sales and distribution agreement was entered into between Go Zhongshe and Swashes Retail Group, in respect of the table grapes that Go Zhongshe has contracted for, thus underpinning the China-wide sale and distribution of the table grape products via Swashes' extensive Online to Offline sales network in China, and ensuring substantial revenue and profitability for the Go Zhongshe Group from 2016 onward.

As per ASX Announcement made on 11 August 2015, GCN is facilitating the listing of Go Zhongshe Ltd and GZL Agri Ltd, 60% owned by Go Zhongshe Ltd, ("Go Zhongshe Group") by offering 5 million of its 100 million shares in Go Zhongshe Ltd for \$5 million ("the Offer"). On and subject to completion of this Offer, GCN will book a capital gain of close to \$5 million, expected during the current financial year. Of the \$5 million share sale proceeds, GCN will retain \$1 million while \$4 million will be reinvested in the Go Zhongshe Group.

The Board of Directors of GCN has resolved to allocate, subject to completion of the Offer, approximately \$500,000 of the sale proceeds and distribute this to shareholders of GCN as a special unfranked dividend at the rate of 0.05 cent per share. Shareholders will be advised of further details including timetable of the dividend distribution once the Offer is completed.

GoConnect has an **"unrecognised deferred tax asset"** estimated at \$22,911,192 which is made up of \$11,133,077 in operational income tax credit due to the Group entering into a group tax arrangement with the ATO in previous years, and \$11,778,115 of capital loss tax credit due to the permanent loss of approximately \$40 million of loan to GoConnect Australia because of its liquidation. These taxable losses have not been brought to the accounts of the Group. However, with the commencement in trading of Go Zhongshe Group and subject to earnings distribution if any, from Go Zhongshe Ltd to its shareholders including GoConnect, the deferred tax asset will be realisable from future distribution of Go Zhongshe Ltd's earnings and any capital gain from sale of Go Zhongshe shares by GoConnect.

The following pro-forma statement of financial position shows the result of the above transactions when effected and brought to the Group's accounts.

Pro-forma statement of financial position as at 30 June 2015 incorporating and subject to the completion of the Offer for the 5 million Go Zhongshe shares for \$5 million and realisation of the deferred tax asset:

	Pro-forma statement of financial position - \$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	500,000
Deferred tax asset	1,500,000
Other financial asset	486,048
<b>Total current assets</b>	<b>2,486,048</b>
<b>Non-current assets</b>	
Cash investments in Go Zhongshe Group	4,000,200
Deferred tax asset	21,411,192
<b>Total non-current assets</b>	<b>25,411,392</b>
<b>Total assets</b>	<b>27,897,440</b>
<b>Current liabilities</b>	
Trade and other payables	2,517,751
<b>Total current liabilities</b>	<b>2,517,751</b>
<b>Non-current liabilities</b>	
Borrowings	1,994,031
<b>Total non-current liabilities</b>	<b>1,994,031</b>
<b>Total liabilities</b>	<b>4,511,782</b>
<b>Net Assets</b>	<b>23,385,658</b>
<b>Equity</b>	
Issued capital	45,441,170
Reserves	24,169,240
Accumulated loss	(46,224,752)
<b>Total equity*</b>	<b>23,385,658</b>

\*The Pro-forma statement does not include the value of the remaining 95 million shares in Go Zhongshe Ltd that will continue to be held by GoConnect.

The Group is proactively working on all of the above matters directly and with its partners and associate. The directors are confident that the Group will be successful in the above matters and, together with the completion of the capital raising from securities sale, have accordingly prepared the financial report on a going concern basis.



## **FUTURE DEVELOPMENT, PROSPECTS AND BUSINESS STRATEGIES**

GoConnect's primary corporate objective is to establish the company as a major IPTV media company and development of its China business via the Go Zhongshe Group.

With the restructuring of GoConnect's businesses in place, the substantial progress made of the business of the Go Zhongshe Group, the GoConnect Group has derived substantial savings from its reorganization of the past 36 months. The restructured GoConnect is now more cost effective, more revenue focused, China focused, and is transformed by the substantial asset value and earnings prospects via its holding in Go Zhongshe Ltd.

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

- Expanding the uctv.fm IPTV distribution platforms in conjunction with Go Zhongshe Group;
- Capitalising on the uctv.fm IPTV network and continue to improve its value by aggregating and producing branded entertainment and infotainment content together with Go Zhongshe Group with the planned TV show franchise commencing in China;
- Assisting Go Zhongshe Group to develop its China businesses in line with recently introduced Chinese government policies and initiatives, in agricultural product branding and marketing, agricultural tourism, and entertainment media including traditional satellite TV, smartphone TV and WiFi media in China.

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

### **Item 13**

*For foreign entities, which set of accounting standards is used in compiling the report – N/A*

### **Item 14**

*A commentary on the results for the period – See Item 12*

- 14.1** *The earnings per security and the nature of any dilution aspects - See Note 2 in the accompanying Attachment*
- 14.2** *Returns to shareholders including distributions and buy backs – N/A*
- 14.3** *Significant features of operating performance - See Item 12*
- 14.4** *Segment information - See Note 8 in the accompanying Attachment*
- 14.5** *A discussion of trends in performance - See Item 12*
- 14.6** *Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified - See Item 12*

**Item 15**

*Audit status of the accounts*

This report is based on accounts that are in the process of being audited.

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Richard Li  
Executive Chairman

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31 August 2015  
Date

## NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME, FINANCIAL POSITION AND CASH FLOWS

### 1. BASIS OF PREPARATION

The Preliminary Final Report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Preliminary Final Report does not include all the notes of the type normally included in an Annual Financial Report.

Accordingly, this report is to be read in conjunction any other public announcements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

### 2. LOSS PER SHARE

	Current period Cents	Previous corresponding period - Cents
Basic loss per share	(0.3)	(0.1)
Diluted loss per share	(0.3)	(0.1)

	Current period Number	Previous corresponding period - Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	998,514,133	978,514,133

### 3. CONTROLLED ENTITIES

#### a. Controlled Entities Consolidated

Name of the above controlled entities	Class of shares	Country of incorporation	% owned 2015	% owned 2014
GoConnect Australia Pty Ltd	ordinary	Australia	-	100
GoTrek Pty Ltd	ordinary	Australia	-	100
TBS TV Pty Ltd	ordinary	Australia	-	100
Uctv.fm Pty Ltd	ordinary	Australia	100	100
Asia IPTV Pty Ltd	ordinary	Australia	-	100
First Mongolian Marketing Ltd	ordinary	BVI	51	51
EcoConnect Australia Pty Ltd	ordinary	Australia	100	100

As announced to the ASX on 9 February, 2015, the Board of GoConnect Ltd, has resolved to let GoConnect Australia Pty Ltd to continue its liquidation process rather than converting it to voluntary administration as envisaged previously. Accordingly, the businesses of GoConnect Australia Pty Ltd

have been discontinued. GoConnect Australia Pty Ltd was de-consolidated from the accounts of the Group which gave rise to the reduction in comprehensive loss of the Group of \$2,171,073.

The Group has resolved to restructure and simplify its businesses by retaining only uctv.fm Pty Ltd as a continuing operating subsidiary, other remaining subsidiaries will be dormant or be deregistered.

#### 4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Current period \$	Previous corresponding period - \$
Investment in an associate	200	40

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

Name of company	Principal activity	Ownership interest		Consolidated carrying amount	
		2015 %	2014 %	2015 \$	2014 \$
Go Zhongshe Ltd	Investment company	33 % Fully paid ordinary shares	-	200	-
Go JLJ Entertainment Pty Ltd	Music Entertainment	-	40 % Fully paid ordinary shares	-	40
Pharmasafe Pty Ltd	Sale of Chinese herbal remedy "Liver Bioguard"	40 % Fully paid ordinary shares	40 % Fully paid ordinary shares	-	-

**4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)**

	<b>Current period</b>	<b>Previous corresponding period - \$</b>
	<b>\$</b>	
<b>Movements in carrying amount of investment in an associate</b>		
Carrying amount at the beginning of the financial year	40	40
New investment during the year	200	-
Write off investment in associates	(40)	-
Share of loss after income tax	-	-
<b>Carrying amount at the end of the financial year</b>	<b>200</b>	<b>40</b>
<b>Results attributable to associates</b>		
Loss before related income tax	-	-
Income tax expense	-	-
<b>Loss after related income tax</b>	<b>-</b>	<b>-</b>
Retained loss attributable to associates at the beginning of the financial year	-	-
<b>Retained loss attributable to associates at the end of the financial year</b>	<b>-</b>	<b>-</b>
<b>Reserve attributable to associates</b>	<b>-</b>	<b>-</b>
<b>Share of associates' contingent liabilities</b>	<b>-</b>	<b>-</b>
<b>Share of associates' expenditure commitments</b>	<b>-</b>	<b>-</b>
Current assets of associates	1,960	1,960
Non-current assets of associates	-	-
<b>Total assets of associates</b>	<b>1,960</b>	<b>1,960</b>
Current liabilities of associates	87,761	87,761
Non-current liabilities of associates	-	-
<b>Total liabilities of associates</b>	<b>87,761</b>	<b>87,761</b>
<b>Net liabilities of associates</b>	<b>(85,801)</b>	<b>(85,801)</b>

	<b>Current period</b>	<b>Previous corresponding period - \$</b>
	<b>\$</b>	
<b>5. ISSUED CAPITAL</b>		
<b>Ord</b>		
<b>Issued and paid up capital</b>		
998,514,133 (2014: 978,514,133) ordinary shares fully paid	45,441,170	45,041,170

**5. ISSUED CAPITAL (CONT'D)**  
**Movements in ordinary share capital**

Date	Details	Number of shares
	No share issue during the Previous corresponding period	
<b>30 June 2014</b>	<b>Balance</b>	<b>978,514,133</b>

Date	Details	Number of shares
1 July 2014	Opening balance	<b>978,514,133</b>
14 October 2014	Share issue	20,000,000
<b>30 June 2015</b>	<b>Balance</b>	<b>998,514,133</b>

	Current period \$	Previous corresponding period - \$
<b>6. ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the year	(47,761,155)	(46,362,426)
Net loss attributable to members of GoConnect Ltd	(2,963,597)	(1,398,729)
<b>Accumulated losses at the end of the year</b>	<b>(50,724,753)</b>	<b>(47,761,155)</b>

**7. NOTES TO THE STATEMENTS OF CASH FLOWS**  
**(A) RECONCILIATION OF CASH**

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

	Current period \$	Previous corresponding period - \$
Cash at bank and on hand	-	<b>159</b>

**8. OPERATING SEGMENTS**

The Group's operating business activities were focused on the development and delivery of IPTV products. All assets held by the Group during the reporting period were located within Australia. Revenue attributable to external customers was within Australia.