GOCONNECT LIMITED
ACN 089 240 353

AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

CONTENTS

COMPANY PARTICULARS

Board of Directors
Mr. Richard Li
Mr. Philip Chan
Mr. Jermaine L Jackson

Company Secretary
Mr. Tony Ng
SKD Partner (Corporate Services)
Level 1, 115 Lonsdale Street
Melbourne VIC 3000 Australia
Telephone: 61 3 9360 8331

Registered Office
Suites 1-3, Ground Floor,
107-111 High Street,
Prahran VIC 3181,
Australia
Telephone: 61-3-9993-7000
Facsimile: 61-3-9993-7099
Web site: http://www.goconnect.com.au
Email: info@goconnect.com.au

Auditors
RSM Bird Partners
Chartered Accountants
Level 21, 55 Collins St
Melbourne, Vic 3000
ph 9286 8100
Melbourne VIC 3000 Australia
Telephone: +61 3 9286 1800

Share Registry
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Australia
Telephone: 61-3-9415-5000
1300-850-505
Facsimile: 61-3-9473-2500

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

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

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

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2013. The board has adopted appropriate corporate governance policies and practices. The Company's main corporate governance policies are summarised below:

The board composition

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

Board charter and composition

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

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

Responsibilities

The responsibilities of the board include:

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

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

The responsibilities delegated to senior executives include:

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

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

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

Structure of the board

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

Directors' independence

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

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

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

In accordance with the above criteria, Philip Chan is considered a non-executive independent director of the board.

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

Performance assessment

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

Appointment and retirement of directors

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

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

Independent professional advice

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

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

Code of conduct - Ethical standards

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

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

Equity participation

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

Diversity Policy

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

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Due to the small number of employee and board, the objectives of the diversity including gender diversity could not be met.

Securities Trading Policy

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

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

Audit Committee

During the financial year ended 30 June 2013, the Audit Committee was chaired by Richard Li, the executive chairman with representative of SKD Partner, an independent corporate service firm as a member. Due to the small number of directors available, the requirements of ASX Corporate Governance Council Recommendation 4.2 on the number of members and independence of directors on the Audit Committee could not be met.

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

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

External auditors

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

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

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

Continuous disclosure and shareholder communication

The Company has established policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communications with shareholders and encourage effective participation at general meetings.

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

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

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

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

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

Risk management

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

Corporate reporting

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

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

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

Remuneration Policies and Committee

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

During the financial year ended 30 June 2013, the Remuneration Committee was chaired by Richard Li, the executive chairman with representative of SKD Partner, an independent corporate service firm as a member. Due to the small number of directors available, the requirements of ASX Corporate Governance Council Recommendation 8.2 on the number of members and independence of directors on the Remuneration Committee could not be met.

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

DIRECTORS' REPORT

The directors of GoConnect Limited ("the Parent Entity" or "the Company") present their report together with the consolidated financial statements of the Company and its controlled entities (together "the Consolidated Entity" or "the Group") for the year ended 30 June 2013 and the auditors' report thereon.

INFORMATION ON DIRECTORS

Richard Li	• Executive Chairman
	• B. Bus, FAIM
Experience	• Board member since 1999. Over 30 years in investment research, equity fund management, investment advisory service and stock broking with major Australian institutions.
Special responsibilities	• Chairman of Audit Committee
	• Chairman of Remuneration Committee
Directorship of other listed entities – in the past 3 years	• Director of Sino Strategic International Limited
Interest in shares and options	• 71,994,161 ordinary shares and 10,000,000 options to acquire ordinary shares held by personal and related entities

Paul Wiltshire	• Executive Director (retired on 30 September 2013)
Experience	• Board member since June 2010. Paul is a multi-award winning music producer/writer specializing in the production and composing of quality music for recording artists. He founded the PLW business in 1997 and, has been involved in the production of over ten No. 1 selling albums/singles with over 15,000,000 aggregated sales.
Special responsibilities	• None
Directorship of other listed entities – in the past 3 years	• None
Interest in shares and options	• 3,174,440 ordinary shares and 10,000,000 options to acquire ordinary shares held by personal and related entities

Philip Chan	• Non-executive Independent Director
Experience	• Board member since 2007. Philip joined the entertainment industry in 1976 and by 1990 was well celebrated for his roles as actor, director and producer of 14 movies. His management skills were proven by successes as General Manager of Capital Artists, responsible for promoting many singing artists to superstardom, and as Managing Director responsible for turning Hong Kong's newest radio station, Metro Broadcasts, into a profitable operation. He has also been successful in establishing a chain of Planet Hollywood restaurants and in promoting concerts and marketing events in South East Asia. He was the Chief Operating Officer of Emperor Motion Pictures, Life Chairman of the Hong Kong Film Directors' Guild, and a committee member of the Hong Kong Performing Artists Guild.
Special responsibilities	• None
Directorship of other listed entities – in the past 3 years	• None
Interest in shares and options	• 1,000,000 options to acquire ordinary shares

Jermaine L Jackson	• Non-executive Independent Director (commenced 28 May 2013)
Experience	• Board member since May 2013. Jermaine is a member of the legendary Jackson 5, an icon within the global entertainment industry.
Special responsibilities	• None
Directorship of other listed entities – in the past 3 years	• None
Interest in shares and options	• None

INFORMATION ON COMPANY SECRETARY

Tony Ng

Tony of SKD Partner, an independent corporate service firm, has been appointed as independent company secretary since July 2010. Tony is a member of the Chartered Secretaries Australia.

PRINCIPAL ACTIVITIES

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

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

OPERATING RESULTS

The consolidated operating revenue of the Group increased by 21.17% to 398,336 for the financial year compared to $ 328,741 in the previous year.

The consolidated operating loss after income tax of the Group decreased by 34.46% to $2,131,914 for the financial year compared to a loss of $3,252,675 in the previous year.

REVIEW OF OPERATIONS

The decrease in operating loss above was due largely to savings in operating overheads from restructuring of the Group's businesses by combining GoConnect Australia, PLW Entertainment, and Undercover into a single business unit, resulting in significant reduction in overheads in the GoConnect Group of companies. Total number of employees decreased from 30 at June 2011 to 10 full time employees as at 30 June 2013. Total reduction in staff overheads on an annual basis was over $500,000.

Free WiFi Media Platform

GoConnect is the appointed media sales agent for the Metro Netbay Free WiFi Marketing platform and has received support from a number of advertisers and advertising agencies. The Metro Netbay Free WiFi service went live during the first quarter of the 2012/2013 financial year supported by a number of launch advertisers secured by GoConnect. However, despite changes implemented by Netbay to improve adoption rate of the service, and while adoption rate did double after the changes were implemented, the service has not achieved the targeted daily commuter penetration rate that would justify a much higher level of acceptance by blue chip advertisers. GoConnect has been advised that the Metro Netbay Free WiFi service will be rolled out to City Loop Stations and major feeder stations to Melbourne CBD within the next 6 months. We have also been advised that 40% of Melbourne CBD, will be provided with free WiFi incorporating the GoConnect Free WiFi Marketing Platform technology progressively over the next 6 months. Upon full implementation and full acceptance of the Metro Netbay free WiFi and the Melbourne CBD free WiFi, we estimate that the free WiFi user reach will exceed 1 million people monthly. Although the rollout to additional train stations and Melbourne CBD has been slower than we expected previously, we believe the appropriate business plan is in place and the groundwork as to the advertising industry awareness as well as acceptance of this new media platform, has been laid successfully. It is therefore important that while this service rollout is continuing, GoConnect continues to assist Netbay to implement strategies that will increase the free WiFi service adoption rate to achieve a critical mass audience. Once the critical mass is achieved, we believe advertising revenue will grow significantly as it will establish a user base for the Metro Netbay Free WiFi Marketing Platform comparable to and competing head on with other existing media platforms, particularly print, that currently service the Melbourne CBD area. The interactive nature and lower cost of our Free WiFi Marketing Platform deliver advantages to advertisers significantly greater than that of traditional media but at a fraction of the cost.

Free WiFi is continuing to expand around the world at a rapid pace and Australia is part of this worldwide trend. Most businesses planning to offer free WiFi see implementing free WiFi as an IT project with a cost but without the direct revenue. However, GoConnect's technology is able to convert a free WIFi project to a media-marketing and distribution platform generating advertising revenue. GoConnect has received a number of direct approaches and enquiries during the past 12 months seeking collaboration with the Group to assist property owners and managers to implement free WiFi service incorporating GoConnect's free WiFi media marketing technologies.

To capitalize on these opportunities, and to fast track the adoption of the GoConnect free WiFi media marketing platform, GoConnect has developed with its business partners two distinct strategies: 1. WiFi in a box; and 2. a free WiFi content strategy to improve user adoption rate.

GoConnect has been working with a national WiFi installation company to develop a "WiFi in a box" product that will make it economical and efficient for property owners to install free WiFi at their locations with varying levels of service matching the size of their properties and the desirable free WiFi footprint within their properties.

On free WiFi content strategy to drive adoption, during the past 6 months, GoConnect has worked closely with one of Australia's major free-to-air TV networks, Network Ten, to develop a free WiFi content service branded as GoTenTV.com to deliver Network Ten programs to WiFi users at free WiFi locations associated with GoConnect. After extensive development and testing of the service by GoConnect and Network Ten, both companies are now happy with the quality of this service and it is expected to go live in the next few days. GoTenTV.com will be marketed through Network Ten's online properties as well as at various free WiFi locations associated with GoConnect.

The Group's Free WiFi opportunity in China through GoConnect's 51% owned First Mongolian Marketing Ltd ("FMM") is being finalised with a major shopping centre management group in China. The negotiation is related to the proposed listing of our partner First Mongolian Investment Holdings Ltd ("FMIH") which owns 49% of FMM. As advised previously to the ASX, FMIH is currently restructuring its asset portfolio before a decision is made by FMIH as to whether to proceed to a public listing on the ASX. This decision has not been finalised to-date.

Priority One Partnership

GoConnect and Priority One Network Group Limited executed a global binding Master Merchant Agreement in August 2012 with International Payment Solutions (Hong Kong) Ltd ("IPS") that will initially enable the promotion and release of the Priority One Debit card in the People's Republic of China and other countries in Asia. Since then, Priority One and GoConnect have identified a number of opportunities with IPS to introduce the Priority One card in the China market. According to information from Priority One, Priority One is continuing to seek listing opportunity on the ASX despite the failure of its last attempt early this year to list on the ASX via an Initial Public Offering ("IPO") to raise a minimum of $15 million.

Internet Protocol TV (IPTV)

Uctv.fm

GoConnect's IPTV network uctv.fm continues to expand its audience reach and program mix via in-house production and repackaging of third party content. High quality content providers are keen to leverage off GoConnect's already established IPTV distribution infrastructure and this advantage has enabled a series of new programs including 'uctv Entertainment' and 'Undercover Presents' to be launched. Other content, including EcoTV and short films, are already being well received by our uctv.fm audience. GoConnect is also in discussion with a TV program provider to launch an Asian language sub-channel on uctv.fm in the near future.

Eco Friendly Products

In May 2012, GoConnect entered into an agreement with Carbon Market Pty Ltd, owner of Eco TV, Eco Voice, Eco News & Eco Daily Deals to provide environmental news and eco-lifestyle content to uctv.fm. Via Eco TV and Eco News, GoConnect has gained access to online media promotional platforms that specialise in the eco friendly industry with a relevant and dedicated audience to market eco friendly products. In May 2013, GoConnect launched an online store for its wholly owned subsidiary, EcoConnect Australia, to market and sell Solar Thermal Air Conditioning systems and the store will expand to include a range of other eco friendly products and services. In line with the ongoing development of our IPTV media strategy, the online store will be part of a new shopping channel on uctv.fm specialising in eco friendly products and services.

The Group's Free WiFi media platform works hand in hand with the Group's IPTV platform to provide significant marketing and media value to businesses to promote their products and services globally through the Internet. The value of our Internet media platforms will become ever more apparent to the traditional media. As an early mover in the connected TV space, the Group already occupies a very prominent position and hence valuable "real estate" on the home screen and electronic program guide of LG connected TVs. As the largest player of Free WiFi media platform in Australia, the Group is the most visible of any ASX listed company providing Free WiFi as a media platform.

While the traditional media industry continues to lose audience rapidly and is in turmoil. The Group will continue to expand its audience reach and to explore opportunities of collaborating with the traditional media industry. GoConnect's IPTV channel uctv.fm is available globally via LG connected TV to over 55 million households while including LG Blu-Ray players and set-top boxes, the uctv.fm audience reach via various LG devices is estimated to exceed 100 million households. uctv.fm is also available on all brands of smartphones globally. The smartphone distribution infrastructure of uctv.fm adds an audience reach estimated to far exceed what is available on LG devices.

Content Strategy

Having established such a significant global audience reach since 2010 for uctv.fm, GoConnect has embarked on a quality content strategy since the past 12 months to ensure that uctv.fm is able to capture a significant portion of the global audience reach to support advertising sales. Accordingly, a number of content partnerships were established during the 2012/2013 financial year including the agreement with Network Ten and the establishment of Go JLJ Entertainment Pty Ltd, together with Jermaine Jackson and his associate. GoConnect has a 40% equity interest in Go JLJ Entertainment.

GoConnect and Go JLJ Entertainment have finalised the development of JJ5TV.com music competition, powered by GoConnect's Soundcheck online music competition platform. JJ5TV.com's mission is to re-create the modern day version of the legendary Jackson 5. Jermaine Jackson, the original lead singer of the Jackson 5, will personally mentor and coach the finalist contestants of JJ5TV.com who will compete in a final event to determine which winning band of 5 members will become the modern day version of the legendary Jackson 5. JJ5TV.com reality TV show will be distributed worldwide on uctv.fm. After thorough assessment of the talent quest market in Australia, Go JLJ Entertainment has decided that it makes more business sense to have JJ5TV.com to be a regional competition to be held between Australia and the Indian subcontinent. Contestants from Australia, India, Pakistan, Bangladesh, and Sri Lanka will be able to submit online music video entries to JJ5TV.com upon launch, and the online public will be able to rank and vote on these entries to help determine the list of finalists. Go JLJ Entertainment will partner with a Sri Lankan/Indian company to launch JJ5TV.com with a target market of over 1 billion people.

Jermajesty Holdings

GoConnect's close working relationship with Jermaine Jackson in the development of JJ5TV.com led to the incorporation of Jermajesty Holdings Pty Ltd in April 2013. GoConnect has 20% equity interest in Jermajesty Holdings. Jermajesty Holdings is developing a number of 4 to 5-star deluxe hospitality projects around the world. A number of Jermajesty Hotels and Resorts projects ("the Projects") are at different stages of development. These Projects are in the US, the Middle East, North Africa, Australia, Asia (ex China) and Greater China. Jermajesty Holdings currently has 7 Projects in the pipeline including 6 in China. The management of Jermajesty Holdings inspected these Projects in a business trip to China, Bangkok and Sri Lanka during August and was impressed with the quality of these Projects. The company will generate revenue from hospitality management contracts and will own significant assets from equity in selective Projects. Jermajesty Holdings has access to significant project finance and investment capital from international investors in Asia and the Middle East. The first Jermajesty Holdings Project to commence trading in 2014 is expected to be in the City of Dalian with over 400 rooms, followed by a second one in the Guangxi Province in South West China with 400 rooms.

Jermajesty Holdings is currently working with Sino Investment Services Pty Ltd on the listing of the company on a major stock exchange by end of 2013. Upon the successful listing of Jermajesty Holdings, GoConnect will be able to demonstrate the significant market value of its 20% stake in Jermajesty Holdings.

The Group is proactively working on all of the above matters directly and with its partners. The directors are confident that the Group will be successful in the above matters and together with availability of existing credit facility and an improved generation of revenue from the expanding suite of online properties and Free WiFi Marketing Platforms, 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. As well as promoting the Group's existing properties on our own IPTV network, the Group's strategy has also been to make use of the advertising inventory generated as a currency to partner with and 'acquire' equity in businesses that are synergistic with our IPTV media businesses or can make use of our marketing platforms on IPTV and Free WiFi.

With the restructuring of GoConnect's work force in place, the Group is starting to derive savings from the reorganization of the past 24 months and is carefully rebuilding its sales and production teams. The restructured teams at GoConnect are now more cost effective, more revenue focused, and are working on a range of opportunities from a wider and more integrated range of media products both here and in Asia to expand GoConnect's revenue and asset base.

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

- Expand the GoConnect Free WiFi Marketing Platform in Australia and Asia;
- Expand our uctv.fm IPTV distribution platforms;
- Capitalise on our uctv.fm IPTV network and continue to improve its value by aggregating and producing quality entertainment and infotainment content;
- Utilise uctv.fm to provide media marketing support to businesses that are synergistic to the GoConnect business model, such as Priority One, and major shopping centres that adopt the GoConnect Free WiFi Marketing Platform;
- Assist Jermajesty Holdings to expand its hospitality Project portfolio, its management income and assets.

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

FINANCIAL POSITION

The net assets of the Group decreased by $733,244 from 30 June 2012 to net capital deficiency of $646,756 in 2013.

The Consolidated Entity experienced operating losses and negative operating cash flows during the year ended 30 June 2013. The continuing viability of the Consolidated Entity and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on it being successful in achieving cash inflow from media revenue including advertising, sponsorships, and licensing of its technologies. The directors believe that the Consolidated Entity will be successful in the above matters and have prepared the financial report on a going concern basis.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

Apart from the projects discussed in the above Review of Operations, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Consolidated Entity, to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

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

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Board Meeting		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Richard Li	2	2	1	1	1	1
Paul Wiltshire	2	2	*	*	*	*
Philip Chan	2	2	*	*	*	*
Jermaine L Jackson	*	*	*	*	*	*

A= Number of meetings attended.

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

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

REMUNERATION REPORT

Directors

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

Richard Li	Chairman – Executive
Paul Wiltshire	Director – Executive (retired on 30 September 2013)
Philip Chan	Non-executive Director
Jermaine L Jackson	Non-executive Director (commenced 28 May 2013)

Principles used to determine the nature and amount of remuneration

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

Non-executive directors

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

Retirement allowances for directors

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

Executive pay

The executive pay and reward framework has three components:

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

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

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

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

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

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

Employment Details of Members of Key Management Personnel
The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group.

Name	Position Held as at 30 June 2012 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance		
			Non-Salary Cash-based Incentives	Shares	Options	Fixed Salary/ Fee	Options	Total
			%	%	%	%	%	%
Richard Li	Chairman – Executive	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Paul Wiltshire	Director – Executive	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Philip Chan	Non-executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100
Jermaine L Jackson	Non-executive Director	No fixed term. 3 months notice required to terminate.	-	-	-	100	100	100

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

2013	**Short-term benefits**			**Post-employment**	**Long-term benefits**	**Equity**	
Name	**Salary, fees and leave** $	**Cash bonus** $	**Non-monetary benefits** $	**Super-annuation** $	**LSL** $	**Options** $	**Total** $
Richard Li	120,000	-	-	10,800	2,000	237,397	395,403
Paul Wiltshire[1)]	32,083	-	-	2,888	535	-	35,506
Philip Chan	30,000	-	-	-	-	23,740	53,740
Jermaine L Jackson[1)]	-	-	-	-	-	-	-
Total	182,083	-	-	13,688	2,535	261,137	459,443

1) Resigned as a director effective on 30 September 2013

2) appointed as a director 28 May 2013

2012	**Short-term benefits**			**Post-employment**	**Long-term benefits**	**Equity**	
Name	**Salary, fees and leave** $	**Cash bonus** $	**Non-monetary benefits** $	**Super-annuation** $	**LSL** $	**Options** $	**Total** $
Richard Li	120,000	-	-	10,800	2,000	262,603	395,403
Paul Wiltshire	55,000	-	-	4,950	917	-	60,867
Philip Chan	30,000	-	-	-	-	26,260	56,260
Wilson Wen[3)]	11,500	-	-	1,035	192	-	12,727
Total	216,500	-	-	16,785	3,109	288,863	525,257

3) Resigned as a director effective on 18 November 2011

Options granted

Name	**Granted** Number	**Vested** Number	**Exercised** Number	**Lapsed** Number	**Grant date**	**Value per option at grant date** $	**Exercise price** $	**First exercise date**	**Last exercise date**
Richard Li	10,000,000	10,000,000	-	-	30.11.2011	0.050	0.020	30.11.2012	30.11.2016
Paul Wiltshire	10,000,000	-	10,000,000	-	17.06.2010	0.024	0.025	17.06.2011	17.06.2015
Philip Chan	1,000,000	1,000,000	-	-	30.11.2011	0.050	0.020	30.11.2012	30.11.2016
Total	21,000,000	11,000,000	10,000,000	-					

Description of Options issued

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

Grant date	**Issuer**	**Entitlement on Exercise**	**Dates Exercisable**	**Exercise price** $	**Value per option at grant date** $	**Amount Paid/ Payable by Recipient** $
30.11.2011	GoConnect Ltd	1:1 Ordinary Shares in GCN	From vesting date to 30.11.2016	0.020	0.050	0.00

17.06.2010	GoConnect Ltd	1:1 Ordinary Shares in GCN	From vesting date to 17.06.2015	0.025	0.024	0.00

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

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

Options were granted under the Plans for no consideration.

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

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

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

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

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

Shares issued on the Exercise of Compensation Options

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

INSURANCE OF OFFICERS

The Consolidated Entity maintains a directors' and officers' insurance policy for the benefit of the directors and executive officers of the Consolidated Entity. This insurance policy grants indemnity against liabilities permitted to be indemnified by the Consolidated Entity under Section 199B of the Corporations Act 2001. The policy prohibits disclosure of the premium payable.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the declaration of any dividend for the year ended 30 June 2013.

ENVIRONMENTAL REGULATION

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2013 has been received and can be found on page 20.

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

RICHARD LI
CHAIRMAN

Dated at Melbourne this 30th day of September 2013.

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Level 21, 55 Collins Street, Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8000 **F** +61 3 9286 8199
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of GoConnect Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Melbourne, VIC
Dated: 30 September 2013

GOCONNECT LIMITED
ACN 089 240 353

AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

CONTENTS

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

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

GoConnect Limited
Suites 1-3, Ground Floor,
107-111 High Street,
Prahran VIC 3181,
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 9-19.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2013

	Notes	Consolidated Group 2013 $	Consolidated Group 2012 $
Revenue	**3**	398,335	328,741
Virtual Internet Service network operating costs		(82,534)	(80,048)
Employee benefits expense		(1,613,656)	(2,194,452)
Depreciation and amortisation expenses		(67,634)	(84,161)
Finance costs		(56,713)	(103,975)
Research and development expense		(854)	(337)
Impairment loss		(30,796)	-
Office rent expense		(202,668)	(168,273)
Provision of Doubtful debts		(87,723)	(246,154)
Legal expense		(99,748)	(363,238)
Auditor Remuneration		(44,000)	(57,240)
Other expenses		(243,923)	(283,538)
Share of net loss of associates	**15**	-	-
Loss before income tax		(2,131,914)	(3,252,675)
Income tax expense	**6**	-	-
Loss for the year	**4**	(2,131,914)	(3,252,675)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,131,914)	(3,252,675)
Loss attributable to:			
Members of the parent entity		(2,131,914)	(3,252,675)
Non-controlling interest		-	-
		(2,131,914)	(3,252,675)
Total comprehensive loss attributable to:			
Members of the parent entity		(2,131,914)	(3,252,675)
Non-controlling interest		-	-
		(2,131,914)	(3,252,675)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	**7**	(0.2)	(0.4)
Diluted loss per share (cents)	**7**	(0.2)	(0.4)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

GOCONNECT LIMITED ACN 089 240 353 AND CONTROLLED ENTITIES

	Notes	Consolidated Group 2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	**8**	915	1,606
Trade and other receivables	**9**	194,965	190,801
Royalty advances	**10**	-	74,353
Inventories	**11**	1,452	1,452
Other financial asset	**12**	20	-
Other current assets	**13**	-	8,388
Total current assets		197,352	276,600
Non-current assets			
Plant and equipment	**14**	18,814	24,526
Investments accounted for using the equity method	**15**	40	-
Intangible assets	**16**	4,422,387	4,508,537
Total non-current assets		4,441,241	4,533,063
Total assets		4,638,593	4,809,663
LIABILITIES			
Current liabilities			
Trade and other payables	**17**	4,079,087	3,120,108
Borrowings	**18**	-	573,153
Short-term provisions	**19**	74,133	61,545
Total current liabilities		4,153,220	3,754,806
Non-current liabilities			
Borrowings	**18**	1,127,562	962,669
Long-term provisions	**19**	4,567	5,700
Total non-current liabilities		1,132,129	968,369
Total liabilities		5,285,349	4,723,175
Net assets (liabilities)		(646,756)	86,488
EQUITY			
Issued capital	**20(A)**	45,041,170	43,438,603
Reserves	**20(B)**	650,000	853,897
Accumulated losses		(46,362,426)	(44,230,512)
Parent interest		(671,256)	61,988
Non-controlling interest		24,500	24,500
Total equity		(646,756)	86,488

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2013

	Notes	Consolidated Group					
		Share Capital Ordinary	Accumulated Losses	Option Reserve	Capital Reserve	Non-controlling interests	Total
		$	$	$	$	$	$
Balance at 1 July 2011		41,497,910	(40,977,837)	390,720	24,114	-	934,907
Loss for the year		-	(3,252,675)	-	-	-	(3,252,675)
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	(3,252,675)	-	-	-	(3,252,675)
Transactions with owners, recorded directly in equity						-	
Shares issued during the year, net of transaction costs		1,940,693	-	-	-	-	1,940,693
Recognition of share based remuneration		-	-	439,063	-	-	439,063
Recognition of non-controlling interest of FM Media Pty Ltd		-	-	-	-	24,500	24,500
Total transactions with owners		1,940,693	-	439,063	-	24,500	2,404,256
Balance at 30 June 2012		43,438,603	(44,230,512)	829,783	24,114	24,500	86,488
Balance at 1 July 2012		43,438,603	(44,230,512)	829,783	24,114	24,500	86,488
Loss for the year		-	(2,131,914)	-	-	-	(2,131,914)
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	(2,131,914)	-	-	-	(2,131,914)
Transactions with owners, recorded directly in equity						-	
Shares issued during the year, net of transaction costs		1,602,567	-	(488,400)	(24,114)	-	1,090,053
Recognition of share based remuneration		-	-	308,617	-	-	308,617
Total transactions with owners		1,602,567	-	(179,823)	(24,114)	-	1,398,670
Balance at 30 June 2013		45,041,170	(46,362,426)	650,000	-	24,500	(646,756)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2013

	Notes	Consolidated Group 2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		80,491	76,057
R&D Tax Offset Rebate		283,543	218,136
Payments to suppliers and employees		(1,074,292)	(2,213,102)
Interest received		174	-
Finance costs		(5,592)	(11,111)
Net cash used in operating activities	**21(B)**	(715,676)	(1,930,020)
Cash flows from investing activities			
Investment cost		(788)	-
Loans to related entities		(5,577)	(7,548)
Purchase of property, plant and equipment		(6,579)	(4,778)
Net cash used in investing activities		(12,944)	(12,326)
Cash flows from financing activities			
Proceeds from issue of shares		500,000	1,940,693
Proceeds from borrowings		227,929	-
Net cash provided by financing activities		727,929	1,940,693
Net increase (decrease) in cash held		(691)	(1,653)
Cash at beginning of financial year		1,606	3,259
Cash at end of financial year	**21(A)**	915	1,606

The accompanying notes form part of these financial statements.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation

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

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

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

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

(a) Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 28 to the financial statements.

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

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

Business Combinations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Goodwill

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax

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

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

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

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

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

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

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

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

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

Tax Consolidation

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

(c) Property, plant and equipment

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

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

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

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

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

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

(d) Leases

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

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

(e) Financial instruments

Recognition and Initial Measurement

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

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

Classification and Subsequent Measurement

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

i. Loans and receivables

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

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

ii. Financial liabilities

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

Impairment

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

Derecognition

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

(f) Impairment of assets

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment in associate

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

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

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

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

Details of the Group's investments in associates are shown at Note 15.

(h) Intangible assets

Research and development and software

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

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

Management Contracts and Recording Agreements

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

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

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

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

(i) Foreign currency transactions and balances

Transactions and balances

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

(j) Employee benefits

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

Equity-settled compensation

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

(k) Provisions

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

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

(l) Revenue recognition

(i) Revenues derived from the provision of advertisements in the form of audio/video commercials and banners on the Company's various free WiFi, online, and IPTV platforms are recognized either on the time basis or based on varying price per thousand advertising impressions each advertisement is received by the end users over the period that the impressions are published.

(ii) Commission income derived from e-commerce transactions is recognised on the basis of successful conclusion of e-commerce transactions.

(iii) Revenues received in advance from the provision of advertisements over multiple periods are initially recognised as deferred income and are recognised as revenue over the periods in which the advertisement impressions are published.

(iv) Subscriptions for the Pay ISP are recognised as services are rendered.

(v) Research and Development tax offset rebate is recognised as Research and Development government grant when received.

(vi) Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

(vii) Music production revenue is recognised at the point of completion of production.

(viii) Music sale revenue is recognised at the point of delivery to customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ix) Artist management commission revenue is recognised when Artist's income is received.

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

(m) Borrowing costs

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

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

(n) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Comparative figures

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

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

(p) Going concern

The Company and Consolidated Entity experienced operating losses of $1,733,639 (2012 $3,228,175) and $2,131,914 (2012: $3,252,675) during the financial year ended 30 June 2013, respectively. The Consolidated entity experienced negative operating cash flows of $715,676 (2012: $1,930,020) during the financial year ended 30 June 2013. Furthermore, at 30 June 2013 the Consolidated Entity had:

- cash balances of $915 (2012: $1,606),;
- net current liabilities of $3,955,868(2012: $3,478,206); and
- net tangible liabilities of $5,069,143 (2012: $4,422,049).

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

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

The Company and Consolidated Entity are able to draw down on an unused credit facility of $952,943 from a related entity, Sino Investment Services Pty Ltd and are able to realise current

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

receivables of $194,965. The ability for Sino Investment Services Pty Ltd to provide the unused credit facility is contingent on the value of its investments and the ability for the value of these shares to be realised.

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

- Expand the GoConnect Free WiFi Marketing Platform in Australia and Asia;
- Expand the uctv.fm IPTV distribution platforms;
- Capitalise the uctv.fm IPTV network and continue to improve its value by aggregating and producing quality entertainment and infotainment content;
- Utilise uctv.fm to provide media marketing support to businesses that are synergistic to the GoConnect business model, such as Priority One, and major shopping centres that adopt the GoConnect Free WiFi Marketing Platform;
- Assist Jermajesty Holdings Pty Ltd (Jermajesty) to expand its hospitality Project portfolio, its management income and assets.

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

In addition to the above Jermajesty is currently undertaking a capital raising for $3.5m to fund its operation which is expected to be finalised shortly. It is anticipated that if this capital raising is successful a significant amount of cash revenue will be generated by the Consolidated Entity through its partnership arrangement with Jermajesty.

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

(q) Critical Accounting Estimates and Judgments

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

(i) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(a) and 1(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Refer to note 16 for details of these assumptions and the potential impact of changes to the assumptions

(ii) Impairment - Artist management and music recording intangible

Cash flow projections for artist management and music recording intangible assets have been made to support value-in-use calculations. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the segments operate. The rates used incorporate an allowance for inflation. Artist management and music recording intangible

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets are carried in the statement of financial position at a written-down value of $Nil and $85,916 after amortisation and impairment loss.

Key judgments

(i) Provision for impairment of receivables

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

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

(r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements [August 2011], AASB 128: Investments in Associates and Joint Ventures [August 2011] and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127 [March 2008, as amended] and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.
- These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paragraphs Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under section 300A of the Corporations Act 2001, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

- AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the Group's financial statements.

AASB 119: Employee Benefits [September 2011] and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 [September 2011] also includes changes to:

(a) require only those benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits , as appropriate; and

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- for an offer that may be withdrawn – when the employee accepts;
- for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

These Standards are not expected to significantly impact the Group's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014)

  This Amending Standard adds application guidance to
  AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2013)

- AASB 2012-3 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASBs 1, 101, 116, 132 & 134 and Interpretation 2] (applicable for annual reporting periods commencing on or after 1 January 2013)

  This Amending Standard amends a number of Australian Accounting Standards as a

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

2. PARENT INFORMATION

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

	2013 $	2012 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	82,792	61,733
Non-Current assets	2,832,907	3,346,434
Total assets	2,915,699	3,408,167
LIABILITIES		
Current liabilities	2,201,498	2,358,997
Non-Current liabilities	962,682	962,682
Total liabilities	3,164,180	3,321,679
EQUITY		
Issued capital	45,041,170	43,438,603
Reserves	650,000	853,897
Accumulated loss	(45,939,651)	(44,206,012)
Total equity	(248,481)	86,488
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	1,733,639	3,228,175
Total comprehensive loss	1,733,639	3,228,175

3. REVENUE

	Note	Consolidated Group 2013 $	2012 $
Media subscriptions and ISP subscriptions		6,898	9,756
Music production and artist management		2,018	15,969
Advertising sales and commissions		77,491	50,712
R&D Tax Offset Rebate		283,543	218,136
		369,950	294,573
OTHER REVENUE			
Interest – other persons		174	3
Other income		28,211	34,165
TOTAL REVENUE		398,335	328,741

4. LOSS FOR THE YEAR

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Loss before income tax from continuing operations includes the following specific expenses:			
Expenses			
Depreciation of property, plant and equipment		12,280	16,412
Amortisation of intangible assets		67,750	67,750
Rental expense relating to operating leases		202,668	168,273
Provision for employee entitlements – net		11,455	10,371
Bad and doubtful debt - others		87,790	246,545
Finance costs		56,713	103,975
Research and development		854	336
Legal fee and disbursement		99,748	363,237
Share based remuneration		308,616	439,063

5. AUDITOR'S REMUNERATION

	2013	2012
Remuneration for audit or review of the financial reports of the Parent Entity or any entity in the Consolidated Entity:	44,000	57,240

6. INCOME TAX EXPENSE

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

	2013	2012
Prima facie tax payable (credit provided) on profit (loss) before income tax at 30% (2012: 30%)		
- Consolidated Entity	(613,729)	(955,478)
Tax effect of		
- Deferred tax asset not brought to account	613,729	955,478
Income tax attributable to the entity	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%

	2013	2012
(B) The directors estimate that the potential deferred tax asset at balance date in respect of tax losses not brought to account is:	9,866,875	9,725,770

7. LOSS PER SHARE

	Note	Consolidated Group 2013 Cents	2012 Cents
Basic loss per share		(0.2)	(0.4)
Diluted loss per share		(0.2)	(0.4)

	2013 $	2012 $
Loss used in the calculation of basic and diluted loss per share	(2,131,914)	(3,252,676)

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	960,817,263	900,828,577

As at 30 June 2013, 13,000,000 (2012: 33,000,000) options and $Nil (2012: $573,153) convertible notes were on issue. None of these options and convertible notes are considered dilutive.

8. CASH AND CASH EQUIVALENTS

	Note	Consolidated Group 2013 $	2012 $
Cash at bank and in hand		915	1,606
The weighted effective rate on cash at bank		3.46%	0.03%

9. TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group 2013 $	2012 $
CURRENT			
Trade receivables		12,124	63,597
Provision for impairment	9a(i)	(8,824)	-
		3,300	63,597
Other receivables		20,873	34,823
Amounts receivable from associated companies		74,523	68,946
Provision for impairment from associated companies	9a(ii)	(65,898)	(65,898)
GST clearing account		156,167	89,333
Total current trade and other receivables		194,965	190,801

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision For Impairment of Receivables

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

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

		Consolidated Group	
	Note	2013	2012
		$	$
a(i) Provision for current trade receivables			
Opening balance at beginning of year		-	-
Charge for the year		8,824	-
Closing balance at end of year		8,824	-
a(ii) Provision for amounts receivable from associated companies			
Opening balance at beginning of year		65,898	61,398
Charge for the year		-	4,500
Closing balance at end of year		65,898	65,898

Credit Risk — Trade and Other Receivables

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

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

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

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

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Consolidated	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2013	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	12,124	8,824	-	-	33	1,617	1,650
Other receivables	26,873	-	-	-	-	-	26,873
Amounts receivable from associated companies	74,523	65,898	-	-	-	-	8,625
GST Clearing account	156,167	-	-	-	-	-	156,167
Total	269,687	74,722	-	-	33	1,617	193,315
2012							
Trade receivables	63,597	-	-	-	-	8,824	54,773
Other receivables	34,823	-	-	-	-	-	34,823
Amounts receivable from associated companies	68,946	65,898	-	-	-	-	3,048
GST Clearing account	89,332	-	-	-	-	-	89,332
Total	256,698	65,898	-	-	-	8,824	181,976

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

	Note	Consolidated Group 2013	2012
		$	$
b. **Financial assets classified as loans and receivables**			
Trade and other receivables	**24**	194,965	190,801

c. **Collateral held as security**

No Collateral has been received for amounts owing to the Group and Parent Entity.

d. **Collateral pledged**

No charge over trade receivables has been provided for during the year.

10. ROYALTY ADVANCES

Artist management and music production segment provides up-front payments to artists and their products in relation with management and recording agreements called royalty advances. Royalty advances are recoupable by the Group from future royalties otherwise payable to the artists.

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Current		-	74,353
		-	74,353

11. INVENTORIES

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Current		1,452	1,452

12. OTHER FINANCIAL ASSET

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Available-for-sale financial assets:			
- shares in other corporations		20	-

13. OTHER CURRENT ASSETS

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Prepayments		-	8,388

14. PLANT AND EQUIPMENT

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Office and computer equipment – at cost		1,632,013	1,625,446
Less: Accumulated depreciation		(1,613,568)	(1,601,386)
		18,445	24,060
Furniture and fittings – at cost		207,189	207,189
Less: Accumulated depreciation		(206,820)	(206,723)
		369	466
Total property, plant and equipment, at net book value		18,814	24,526

14. PLANT AND EQUIPMENT (CONTINUED)

Reconciliations for 2013	Office & computer equipment	Furniture & fittings	Total
	$	$	$
Carrying amount at beginning of year	24,060	466	24,526
Additions	6,568	-	6,568
Disposals	-	-	-
Depreciation	(12,183)	(97)	(12,280)
Carrying amount at end of year	18,445	369	18,814
Reconciliations for 2012			
Carrying amount at beginning of year	35,661	499	36,160
Additions	4,778	-	4,778
Disposals	-	-	-
Depreciation	(16,379)	(33)	(16,412)
Carrying amount at end of year	24,060	466	24,526

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	Consolidated Group 2013	2012
		$	$
Investment in an associate		40	-

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

Name of company	Principal activity	Ownership interest 2013	Ownership interest 2012	Consolidated carrying amount 2013	Consolidated carrying amount 2012	Holding entity carrying amount 2013	Holding entity carrying amount 2012
Unlisted				$	$	$	$
Go JLJ Entertainment Pty Ltd (Incorporated in Australia)	Music Entertainment	40% Fully paid ordinary shares	-	40	-	40	-
Pharmasafe Limited (Incorporated in Australia)	Sale of Chinese herbal remedy “Liver Bioguard”	40% Fully paid ordinary shares	40% Fully paid ordinary shares	-	-	-	-

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

	Note	Consolidated Group 2013 $	2012 $
Movements in carrying amount of investments in associates			
Carrying amount at the beginning of the financial year		-	-
New investment during the year		40	-
Share of loss from continuing activities after income tax		-	-
Carrying amount at the end of the financial year		40	-
Results attributable to associates			
Loss before related income tax		(170)	(3,219)
Income tax expense		-	-
Loss from continuing activities after related income tax		(170)	(3,219)
Retained loss attributable to associates at the beginning of the financial year		(34,230)	(31,011)
Retained loss attributable to associates at the end of the financial year		(34,400)	(34,230)
Reserve attributable to associates		-	-
Share of associates' contingent liabilities		-	-
Share of associates' expenditure commitments		-	-
Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates			
Current assets of associates		1,960	1,860
Non-current assets of associates		-	-
Total assets of associates		1,960	1,860
Current liabilities of associates		87,761	87,334
Non-current liabilities of associates		-	-
Total liabilities of associates		87,761	87,334
Net liabilities of associates		(85,801)	(85,474)

16. INTANGIBLE ASSETS

	Note	Consolidated Group 2013 $	2012 $
Goodwill			
Cost		4,336,471	4,336,471
Accumulated impaired losses		-	-
Net carrying amount		4,336,471	4,336,471

16. INTANGIBLE ASSETS (CONTINUED)

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Management Contracts			
Cost		111,561	111,561
Accumulated amortisation and impairment		(111,561)	(68,369)
Net carrying amount		-	43,192
Recording Agreements			
Cost		214,791	214,791
Accumulated amortisation and impairment		(128,875)	(85,917)
Net carrying amount		85,916	128,874
Total intangibles		4,422,387	4,508,537

Consolidated Group:	**Goodwill**	**Management Contract**	**Recording Agreements**
Year ended 30 June 2011			
Balance at the beginning of year	4,336,471	67,984	171,832
Amortisation charge	-	(24,792)	(42,958)
Closing value at 30 June 2012	4,336,471	43,192	128,874
Year ended 30 June 2012			
Balance at the beginning of year	4,336,471	43,192	128,874
Amortisation charge	-	(12,396)	(42,958)
Impairment losses	-	(30,796)	-
Closing value at 30 June 2013	4,336,471	-	85,916

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

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

Impairment tests for goodwill

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

	Consolidated Group 2013 $	Consolidated Group 2012 $
IPTV Entertainment and Media segment	4,336,471	4,336,471

16. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The five year cash flows included the following:

- detailed management budgets for years 1 and 2
- an assumed growth rate of 20% in revenue in year 3 applied to the average forecast revenues for years 1 and 2, to make allowance for one off revenues throughout years 1 and 2; and
- an assumed growth rate in revenues in years 4 and 5.

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

Key assumptions used for value-in-use calculations

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

	Growth rate in Budget period		**Growth rate beyond budget period****		**Discount rate*****	
	2013 %	**2012 %**	**2013 %**	**2012 %**	**2013 %**	**2012 %**
IPTV Entertainment and Media segment	20	20	5	5	16.1	18.9

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

*** In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed above. The same post-tax discount rates were applied in 2012 and 2013. The movements in the equivalent pre-tax discount rates between 2012 and 2013 reflect changes in the anticipated timing of future cash flows

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

Impairment charge to goodwill is Nil in 2013 and Nil in 2012.

Impact of possible changes in key assumptions

If the budgeted gross rate used in the value-in-use calculation for the IPTV Entertainment and Media CGU had been 20% lower than management's estimates at 30 June 2013, the group would have recognised an impairment against the carrying amount of goodwill of $417,000.

17. TRADE AND OTHER PAYABLES

	Note	**Consolidated Group 2013 $**	**2012 $**
CURRENT			
Unsecured liabilities			
Trade payables		99,221	107,020
Amount payables to related parties		601,098	1,348,398
Employee benefits		126,042	119,430
Other payables & accrued expenses		3,252,726	1,545,260
		4,079,087	3,120,108

17. TRADE AND OTHER PAYABLES (CONTINUED)

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables		4,079,087	3,120,108
Less advertising money received and accrued commission		(8,029)	(8,029)
Less employee benefits		(126,042)	(119,430)
Financial liabilities as trade and other payables	*24*	3,945,016	2,992,649

18. BORROWINGS

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
CURRENT			
Unsecured liabilities			
Convertible notes	*24*	-	573,153
NON-CURRENT			
Unsecured liabilities			
Interest bearing loan from:			
- Related entities		164,893	962,669
- Others		962,669	-
Total Borrowings	*24*	1,127,562	1,535,822

The total interest payable on borrowings is $535,850 (2012: $485,992) including in trade and other payables.

19. PROVISIONS

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Provision for employee long service leave entitlements			
Opening balance		67,245	56,875
Additional provisions		11,455	10,370
Amounts used		-	-
		78,700	67,245

	Consolidated Group 2013 $	Consolidated Group 2012 $
Provision for employee long service leave entitlements		
Current	74,133	61,545
Non-Current	4,567	5,700
	78,700	67,245

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

20. ISSUED CAPTIAL

	Consolidated Group 2013 $	Consolidated Group 2012 $
Issued and paid up capital		
978,514,133 (2012: 929,346,337) ordinary shares fully paid	45,041,170	43,438,603

a. Ordinary Shares	Consolidated Group 2013 No.	Consolidated Group 2012 No.
At the beginning of the reporting period:	929,346,337	843,721,337
Shares issued during the year		
- 30 June 2012	-	85,625,000
- 23 August 2012	10,000,000	-
- 9 October 2012	10,000,000	-
- 17 December 2012	28,140,750	-
- 17 December 2012	1,027,046	-
At the end of the reporting period	978,514,133	929,346,337

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

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

(B) RESERVES

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Option reserves			
Option reserves at the beginning of the year		829,783	390,720
Share based remuneration	**22**	308,616	439,063
Option exercised		(488,399)	-
Option reserves at the end of the year		650,000	829,783
Share Capital Reserve			
Capital component of convertible note issued		24,114	24,114
Conversion of convertible note		(24,114)	-
		-	24,114

Option Reserve

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

Share Capital Reserve

The share capital reserve records the capital component of convertible note issued.

20. ISSUED CAPTIAL (CONTINUED)

Capital Management

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

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

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, plans to generate surpluses from operations, plans to realise the

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

Considering the equity position of the Consolidated Entity as at 30 June 2013 and 30 June 2012, gearing ratios have not been calculated.

21. CASH FLOWS INFORMATION

(A) RECONCILIATION OF CASH

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

		Consolidated Group	
	Note	**2013**	**2012**
		$	**$**
Cash at bank and on hand		915	1,606

21. CASH FLOWS INFORMATION (CONTINUED)

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

	Note	Consolidated Group 2013 $	2012 $
Operating loss after income tax		(2,131,914)	(3,252,675)
Non-cash flows in operating loss			
Depreciation and amortisation		67,634	84,161
Impairment loss		30,796	-
Share based remuneration - options		308,616	439,064
Bad and doubtful debt		87,790	246,545
Exchange loss on convertible note		-	4,615
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities			
(Increase) / decrease in operating receivables		(7,478)	(127,713)
(Increase) / decrease in royalty advances		(4,546)	17,978
(Increase) / decrease in inventories		-	340
(Increase) / decrease in other operating assets		8,388	(8,388)
Increase / (decrease) in operating payables		913,583	691,639
Increase / (decrease) in provisions		11,455	10,370
Net cash used in operating activities		(715,676)	(1,930,020)

(C) LOAN FACILITIES

	2013	2012
Loan facilities	2,100,000	2,100,000
Amount utilised	1,127,562	962,669
Amount unutilised	972,438	1,137,331

The Company has received continuing loan facilities:

- with a limit of $1,000,000 (2012: $1,000,000) from Sino Strategic International Limited, It has no maturity date and the interest rate at the end of the financial year was 4.81% (2012: 5.59%)

- with a limit of $1,100,000 (2012: 1,100,000) from Sino Investment Services Pty Ltd. It matures on 30 September 2014 and the interest rate at the end of the financial year was 4.81% (2012: 5.59%).

22. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Key management personnel	Position
Richard Li	Chairman - Executive
Paul Wiltshire	Director – Executive
Philip Chan	Director – Non-executive
Jermaine L Jackson	Director – Non-executive

Refer to the Remuneration Report section of the Directors Report for the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2013.

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

	2013	2012
	$	$
Short-term employee benefits	182,083	216,500
Post-employment benefits	13,688	16,785
Other long-term benefits	2,535	3,109
Share-based payments - options	261,137	288,863
	459,443	525,257

(B) OPTIONS AND RIGHTS HOLDINGS

Number of options held by Key Management Personnel

Name	Balance 1.7.2012	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2013	Vested and exercisable 30.6.2013
Richard Li	10,000,000	-	-	-	-	10,000,000	10,000,000
Paul Wiltshire	10,000,000	-	(10,000,000)	-	-	-	-
Philip Chan	1,000,000	-	-	-	-	1,000,000	1,000,000
Jermaine L Jackson	-	-	-	-	-	-	-
Total	21,000,000	-	(10,000,000)	-	-	11,000,000	11,000,000

Name	Balance 1.7.2011	Granted as compensation	Options exercised	Options lapsed	Other Changes	Balance 30.6.2012	Vested and exercisable 30.6.2012
Richard Li	-	10,000,000	-	-	-	10,000,000	-
Philip Chan	-	1,000,000	-	-	-	1,000,000	-
Paul Wiltshire	10,000,000	-	-	-	-	10,000,000	10,000,000
Total	20,000,000	11,000,000	-	-	-	21,000,000	10,000,000

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(C) SHAREHOLDINGS

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

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

Name	Balance 1.7.2011	Received as compensation	Options exercised	Other changes	Balance 30.6.2012
Richard Li	243,104,377	-	-	(168,217,106)	74,887,271
Paul Wiltshire	3,174,440	-	-	-	3,174,440
Paul Cashmere	117,415,000	-	-	(117,415,000)	-

23. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2013:

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

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

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

	2013		2012	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	33,000,000	0.023	20,000,000	0.025
Granted	-	-	13,000,000	0.020
Forfeited	-	-	-	-
Exercised	(20,000,000)	0.025	-	-
Expired	-	-	-	-
Outstanding at year-end	13,000,000	0.020	33,000,000	0.023
Exercisable at year-end	13,000,000	0.020	20,000,000	0.025

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

23. SHARE-BASED PAYMENTS (CONTINUED)

There were no options granted during the year ended 30 June 2013.

Options granted as share-based payments are as follow:

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

Included under employee benefits expense in the statement of comprehensive income is $308,616(2012: $439,063) which relates to equity-settled share-based payment transactions.

24. FINANCIAL RISK MANAGEMENT

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

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

	Note	Consolidated Group 2013 $	2012 $
Financial Assets			
Cash and cash equivalents	**8**	915	1,606
Loans and receivables	**9**	194,965	190,801
Royalty advances	**10**	-	74,353
		195,880	266,760
Financial Liabilities			
Trade and other payables	**17**	3,945,016	2,992,649
Convertible notes		-	573,153
Borrowings	**18**	1,127,562	962,669
		5,072,578	4,528,471

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

Financial Risk Management Policies

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

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

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

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

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

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

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Specific Financial Risk Exposures and Management

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

a. Interest rate risk

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

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

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

		Consolidated Group	
	Note	**2013**	**2012**
		$	**$**
Floating rate instruments			
Borrowings	18	1,127,562	962,669

b. Liquidity risk

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

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

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

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

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

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

Consolidated Entity	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial liabilities due for payment								
Convertibles notes	-	573,153	-	-	-	-	-	573,153
Trade and other payables	3,343,918	1,644,251	-	-	-	-	3,343,918	1,644,251
Amount payable to related parties	601,098	1,348,398	1,127,562	962,669	-	-	1,728,660	2,311,067
Total expected outflows	3,945,016	3,565,802	1,127,562	962,669	-	-	5,072,578	4,528,471
Financial assets – cash flows realisable								
Cash and cash equivalents	915	1,606	-	-	-	-	915	1,606
Trade and other receivables	194,965	190,801	-	-	-	-	194,966	190,801
Royalty advances	-	74,353	-	-	-	-	-	74,353
Total anticipated inflows	195,880	266,760	-	-	-	-	195,880	266,760
Net outflow on financial instruments	(3,749,136)	(3,299,042)	(1,127,562)	(962,669)	-	-	(4,876,698)	(4,261,711)

c. Credit risk

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

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

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

Credit Risk Exposures

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

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

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

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

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Note	Consolidated Group 2013 $	2012 $
Cash and cash equivalents			
- AA Rated		915	1,606

Fair Values

Fair value estimation

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

Consolidated Entity	Footnote	2013		2012	
		Net Carrying Value	Fair Value	Net Carrying Value	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	915	915	1,606	1,606
Trade and other receivables	(i)	194,965	194,965	190,801	190,801
Royalty advances	(i)	-	-	74,353	74,353
Total financial assets		195,880	195,880	266,760	266,760
Financial liabilities					
Trade and other payables	(i)	3,945,016	3,945,016	2,992,649	2,992,649
Convertible notes	(ii)	-	-	573,153	573,153
Borrowings	(iii)	1,127,562	1,127,562	962,669	962,669
Total financial liabilities		5,072,578	5,072,578	4,528,471	4,528,471

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

i. Cash and cash equivalents, trade and other receivables, royalty advances and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.

ii. Discounted cash flow models are used to determine the fair values of convertible notes. Discount rates used on the calculations are based on interest rates existing at reporting date for similar types of loans.

iii. Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debt will differ to the carrying values.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Instruments Measured at Fair Value through Profit or Loss

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

Sensitivity Analysis

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

	Note	Consolidated Group	
		Profit	Equity
		$	$
Year Ended 30 June 2013			
+/- 2% in interest rates		-/+22,551	-/+22,551
Year Ended 30 June 2012			
+/- 2% in interest rates		-/+19,253	-/+19,253

25. CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Group	
		2013	2012
Operating Lease Commitments		$	$
Payable – minimum lease payments:			
- not later than 1 year		187,249	181,795
- between 1 year and 5 years		391,519	578,767
- greater than 5 years		-	-
		578,768	760,562

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

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Loan has been repaid by issuing 28,140,750 shares at $0.02 per share ("Settlement Share") subject to the share price achieving this value at a minimum. Sino Investment Services Pty Ltd ("SIS") has underwritten the full settlement of the repayment of the Loan at the share price of $0.02 per share and the underwriting is secured against the Settlement Share.GoConnect Limited is exposed to a maximum contingent liability of AUD$ 1,045,822 plus interest accruing at 9.75% p.a.

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

27. OPERATING SEGMENTS

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

	2013 $	2012 $
Australia	398,335	297,700

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

28. CONTROLLED ENTITIES

a. Controlled Entities Consolidated

Name of the above controlled entities	Class of shares	Country of incorporation	% owned 2013	% owned 2012
GoConnect Australia Pty Ltd	ordinary	Australia	100	100
GoTrek Pty Ltd	ordinary	Australia	100	100
TBS TV Pty Ltd	ordinary	Australia	85	60
Undercover Network Pty Ltd	ordinary	Australia	100	100
Uctv.fm Pty Ltd	ordinary	Australia	100	100
PLW Entertainment Pty Ltd	ordinary	Australia	100	100
Asia IPTV Pty Ltd	ordinary	Australia	100	100
First Mongolian Marketing Ltd	ordinary	BVI	51	51
EcoConnect Australia Pty Ltd	ordinary	Australia	100	-

b Incorporation of subsidiary

During the year, the Group progressively acquired a 100% interest in EcoConnect Australia Pty Ltd. The acquisition was a result of the Group entering into distribution of solar thermal hybrid air conditioning systems, waste to energy and, cogeneration/trigeneration project.

29. OTHER RELATED PARTY DISCLOSURES

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

(i) Key management personnel:

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

For details of disclosures relating to key management personnel, refer to Note 22.

29. OTHER RELATED PARTY DISCLOSURES (CONTINUED)

(B) Transactions with related parties

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

	Note	Consolidated Group 2013 $	2012 $
(i) Transaction costs in relation to the Company's ordinary shares issued paid and payable to and Sino Investment Services Pty Ltd ("SISL") were		-	121,807
(ii) In accordance with an agreement entered into between the Company and SISL, the Company would reimburse the direct costs incurred by SISL on behalf of the Consolidated Entity in relation to the development of business relationships. The total reimbursement of cost paid or payable by the Company to SISL		1,983	2,432
(iii) In accordance with an agreement entered into between the Company and SISL, SISL would reimburse the direct costs incurred by the Company on behalf of SISL in relation to the development of business relationships. The total reimbursement of cost paid or payable by SISL to the Company		31,032	36,621
(iv) The amount payable to the Key Management personnel (KMP) in relation to KMP personnel compensation at 30 June 2013		535,047	426,128

30. EVENTS OCCURRING AFTER REPORTING DATE

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

31. COMPANY DETAILS

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

Suites 1-3, Ground Floor,
107-111 High Street,
Prahran VIC 3181,
Australia.

DIRECTORS' DECLARATION

The directors declare that:

1. the financial statements and disclosures that are detailed within the Remuneration Report in the Directors' Report and notes set out on pages 21 to 61, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and consolidated group;

2. the directors' have declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards and the International Financial Reporting Standards (IFRS); and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion:

   (a) the financial statements and notes are in accordance with the Corporations Act 2001;

   (b) the remuneration disclosures on pages 15 to 18 in the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

RICHARD LI
CHAIRMAN

Dated at Melbourne this 30th day of September 2013.

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Level 21, 55 Collins Street, Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8000 **F** +61 3 9286 8199
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GOCONNECT LIMITED

Report on the Financial Report

We have audited the accompanying financial report of GoConnect Limited, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Bases for Qualified Opinion

Priority One Transaction

In November 2011, GoConnect Australia Pty Ltd ("GoConnect") entered into an equal partnership agreement with Priority One Network Group Limited ("Priority One"). Under that agreement, GoConnect provided its IPTV intellectual property of uctv.fm as its contribution to the partnership, whilst Priority One contributed 135 million of its own shares with a face value of $40.5 million to the partnership. The 135 million shares in Priority One were distributed directly to qualifying GoConnect Limited shareholders by Priority One upon the advice of its corporate advisor.

This transaction was not recorded by the consolidated entity and, accordingly the statement of comprehensive income of the consolidated entity for the period ended 30 June 2012 does not include income arising from the contribution of shares and the statement of changes in equity does not include a corresponding dividend amounting to the fair market value of the Priority One shares. The audit report of the predecessor auditor dated 2 October 2012 was qualified on this basis. We have been unable to obtain sufficient appropriate evidence to ascertain the fair market value of the Priority One shares at the date the shares were distributed to GoConnect Limited shareholders and consequently, we are unable to quantify the adjustment, if any, to the corresponding figures.

Tax effect of Priority One transaction

Furthermore, we have been unable to obtain sufficient appropriate evidence regarding the potential tax exposure of the consolidated entity, as a result of entering into the transaction discussed above, as management have not evaluated the potential tax consequences of the transaction. Additionally, as there is uncertainty relating to the fair market value of the Priority One shares at the date of distribution of the shares to GoConnect Limited shareholders, we have been unable to quantify the adjustment, if any, to the consolidated entity's tax balances which may have been necessary.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Bases for Qualified Opinion paragraphs:

(a) the financial report of GoConnect Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without further qualifying our opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the Company and Consolidated Entity experienced operating losses of $19,806 (2012 $3,228,175) and $2,131,914 (2012: $3,252,675), during the financial year ended 30 June 2013, respectively. The Consolidated Entity experienced negative operating cash flows of $715,676 (2012: $1,930,020) during the financial year ended 30 June 2013. Furthermore, at 30 June 2013 the Consolidated Entity had:

- cash balances of $915 (2012: $1,606);
- net current liabilities of $3,955,868 (2012: $3,478,206); and
- net tangible liabilities of $5,069,143 (2012: $4,422,049).

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

RSM Bird Cameron Partners

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of GoConnect Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

RSM BIRD CAMERON PARTNERS

J/S CROALL
Partner

Melbourne, VIC
Dated: 30 September 2013

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2013.

A. DISTRIBUTION OF EQUITY SECURITIES

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

	Class of equity security Ordinary shares	
	Shares	**Options**
1 – 1,000	40	-
1,001 – 5,000	29	-
5,001 – 10,000	201	-
10,001 – 100,000	562	-
100,001 and over	626	3
	1,458	3

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

B. EQUITY SECURITY HOLDERS

Twenty largest shareholders.

The names of the twenty largest shareholders are listed below:

Name	Number Held	Percentage of Issued Shares
SSI NOMINEES PTY LTD	111,254,522	11.37%
CITICORP NOMINEES PTY LIMITED	44,202,200	4.52%
SINO SECURITIES INTERNATIONAL PTY LTD	41,750,000	4.27%
LEET INVESTMENTS PTY LIMITED	39,000,000	3.99%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,128,653	3.18%
SSI NOMINEES PTY LTD <NO 2 A/C>	28,045,694	2.87%
LEET INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	26,500,000	2.71%
CHERRIKO PTY LTD <THE HP A/C>	21,637,683	2.21%
GENERAL & PRIVATE FUNDS MANAGEMENT PTY LTD	20,000,000	2.04%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	16,718,591	1.71%
BAINTON LIMITED	15,180,000	1.55%
CHEE SWEE CHENG INVESTMENTS PTE LTD	11,000,000	1.12%
MR RHODERIC CHARLES WHYTE	11,000,000	1.12%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	10,622,001	1.09%
BONNYVALE COMPANY LIMITED	10,000,000	1.02%
SSI NOMINEES PTY LTD	10,000,000	1.02%
MR DAVID PLATT + MRS SUE PLATT <PLATT SUPER FUND A/C>	9,950,477	1.02%
NEFCO NOMINEES PTY LTD	8,899,500	0.91%
MRS ANN LAIDLAW LEITH + MR ARTHUR JOHN FRANCIS LEITH <LEITH SUPER FUND ACCOUNT>	8,200,000	0.84%
DELTA FALLS PTY LTD <LAVER FAMILY A/C>	8,067,511	0.82%
	483,156,832	49.38%
Total Ordinary Shares	978,514,133	100.00%

Other unquoted equity securities

	Number on issue	Number of holders
Options issued	13,000,000	3

C. VOTING RIGHTS

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

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

(b) Options
No voting rights.

D. STOCK EXCHANGE LISTING

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

E. ON-MARKET BUY BACK

There is no current on-market buy-back.