RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES

A.B.N. 20 108 411 427

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

RightCrowd Limited

Chairman's Report

For the year ended 30 June 2017

Dear Shareholder

On behalf of the Board of RightCrowd Limited (RCW) we are pleased to provide the 2017 annual report setting out the financial results for the year ended 30 June 2017.

I would like to take the opportunity to welcome the shareholders who joined the Company by participating in the IPO. The RightCrowd team values your involvement in the future growth of the Company.

As the IPO Prospectus outlined, the RightCrowd team had a strong vision as to where the market was headed in relation to the physical security and compliance space and has spent over 10 years and in excess of $20 million in research and development. The team has developed highly innovative software solutions and has worked closely with some of the world's largest, most complex and technologically innovative companies to prove out the technology at enterprise scale.

This has meant that revenue is not easy to forecast but the team is excited by the current market prospects and the pipeline that it has been able to generate.

The IPO funding will allow the company to build on the strong development pedigree and impressive customer base, to focus and scale the sales and marketing capability, further enhance our partner channel relationships and continue with development to meet the continuing growth in the market.

At this point the management team sees a strong opportunity in the market for revenue growth and is looking to build on the already contracted revenue for the 2018 financial year.

Financial Results

The Group's loss for the year ended 30 June 2017 was $4,697,428 compared to a loss of $1,181,662 in the previous financial year, as described in the commentary of the prospectus. The loss is primarily attributed to a reduction in sales revenue due to the Company's increased focus on research and development including integration to additional physical access control systems which required the redeployment of services delivery technical consultants and also the completion of a substantial professional services project and the absence of a replacement project in 2017 aligned with the need for additional development activity. A combination of these items and the Company's deliberate focus to ensure that the software is capable of deployment at scale to large enterprises meant that revenue from continuing operations was $4.1m in the period ended 30 June 2017, down from $7.0m in the previous period.

I would like to thank the RightCrowd team for their contribution in the past year and the Company's customers, partners and shareholders for their ongoing support.

Robert Baker

Robert Baker

Non-executive Chairman

RightCrowd Limited

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Results for Announcement to the Market

Key Information	2017 $	2016 $	% Change
Total Revenue	5,997,948	8,802,438	(31.86%)
(Loss) after tax	(4,697,428)	(1,181,662)	297.5%

Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to pages 16–57 of the 30 June 2017 financial report and accompanying notes for RightCrowd Limited.

Statement of Financial Position with Notes to the Statement

Refer to pages 17–57 of the 30 June 2017 financial report and accompanying notes for RightCrowd Limited.

Statement of Cash Flows with Notes to the Statement

Refer to pages 19–57 of the 30 June 2017 financial report and accompanying notes for RightCrowd Limited.

Statement of Retained Earnings Showing Movements

	2017 $	2016 $
Balance at the beginning of the year	(3,758,483)	(2,576,821)
Prior year adjustment	-	-
Net (loss) attributable to members of the parent entity	(4,697,428)	(1,181,662)
Balance at the end of the year	(8,455,911)	(3,758,483)

Commentary on the Results for the Period

Refer to the commentary on the results for the period contained in the “Review of Operations” included within the operating and financial review section of the annual report.

Status of Audit

The 30 June 2017 financial statements and accompanying notes for RightCrowd Limited have been audited and are not subject to any disputes or qualifications. Refer to page 59 of the 30 June 2017 financial report for a copy of the auditor’s report.

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of RightCrowd Limited and its controlled entities for the financial year ended 30 June 2017.

General Information

Directors

The names of directors in office at any time during or since the end of the year are:

Mr Robert Baker

Non-executive Chairman. Appointed 6 August 2017.

Robert Baker has worked in both Australia and the UK. His main expertise and practice area was external audit, internal audit, financial reporting, internal control assessments and accounting advice. His business acumen resulted in clients (including ASX 100 companies) also engaging him to provide business and due diligence services.

Mr Baker has had nearly a decade of board experience. He has had experience as a board member of PricewaterhouseCoopers (2008-2013) serving its Finance, Country Admissions (nominations) and Partner Evaluation and Income (remuneration) Committees and has also been a Managing Partner in the Brisbane Office. He is currently a Director of Flight Centre Travel Group Limited and has held that role since September 2013.

Mr Peter Hill

Managing Director and Chief Executive Officer. Appointed 18 March 2004.

Peter Hill founded the Company in 2004 and has been instrumental in growing the Company to its current level.

In early 2006, Peter sold the Company to a Silicon Valley company, which was then sold to SAP shortly thereafter. In 2007, Peter successfully re-acquired the Company from SAP and spun out the company as an independent entity. Peter is responsible for the Company's global business strategy and continues to drive partnerships with billion-dollar global physical security vendors, at both corporate and technical levels.

An entrepreneur for most of his 30 years in the information technology industry, Peter previously founded and led two other business software start-ups after finishing his career as a professional basketball player in the 1990's. Peter also holds a science degree majoring in computer science.

Mr Alfred Scott Goninan

Non-executive Director. Appointed 6 August 2017.

Scott Goninan joins the RightCrowd Board after 26 years' experience as the original founder and Managing Director and CEO of the Durachrome Group. He is well practised in delivering strategic direction and implementation of business operations.

The Durachrome Group imported and exported materials globally and had three production facilities that operate 24hrs a day 7 days a week. In his role with Durachrome, Mr Goninan has developed international relationships throughout Asia and Europe.

Mr Goninan has experience in reporting to public company boards in his role as a Managing Director. Scott has ongoing ventures in property development; specialised imports and exports; commercial, industrial and personal finance; and research and development.

DIRECTORS' REPORT

Directors Interests in Securities

At the date of this Report the interests of the Directors in the securities of the Company as follows:

Director	Listed Securities	Unlisted Securities
	Ordinary Securities	Stock Options
Robert Baker (i)	100,000	Nil
Peter Hill (ii)	53,907,428	Nil
Scott Goninan (iii)	17,422,517	Nil

(i) Securities purchased through the IPO.

(ii) Indirect interest through CNI Pty Ltd ACN 131 410 556.

(iii) Indirect interest through Goninan Property Investments Pty Ltd ACN 151 022 052 ATF The Goninan Wealth Trust.

Company Secretary

Mr Peter Hill was appointed Company Secretary on 18 March 2004 and resigned on 10 August 2017 in order to focus on Managing Director responsibilities.

The Company appointed Joint Company Secretaries on 10 August 2017.

Kim Clark is the Head of Corporate Services for Boardroom Pty Ltd's Queensland office and currently acts as Company Secretary for various ASX listed and unlisted companies in Australia. Kim is an experienced business professional with 21 years' experience in Banking and Finance and 6 years as in-house Company Secretary of an ASX300 company.

Leslie Milne was appointed the Chief Financial Officer of the RightCrowd Group of companies on 3 January 2017. Leslie is a Fellow of Chartered Association of Certified Accountants and has more than 20 years' finance and accounting experience across a range of companies in the technology industry and has held Corporate Reporting and Commercial Finance roles in the United Kingdom and Australia for companies listed on the FTSE and NASDAQ as well as unlisted companies.

Significant Events After Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 18th September 2017 RightCrowd Limited (RCW) was listed on the Australian Stock Exchange (ASX) as a result of an Initial Public Offering (IPO). The IPO was undertaken in order to provide a capital injection to the business in order to scale the sales and marketing operations, support and delivery capability and continue the to develop the company's technology solutions. The following significant trnasactions occurred subsequent to balance date in relation to the successful IPO;

- The IPO raised $10,000,000 (issuing 33,333,333 shares at $ 0.30 per share) as outlined in the Prospectus document that was issued. On 13th September 2017, the company received $9,460,398 in relation to the IPO which is the total capital raising proceeds, net of costs, including fees paid to Morgans, the corporate advisors.
- On the 24th August 2017, 20,000,016 preference shares in RightCrowd Ltd were converted to ordinary share at a 1:1 basis.

DIRECTORS' REPORT

Significant Events After Reporting Period

As at 30 June 2017 these financial statements RightCrowd had two tranches of convertible notes with fair values totalling $9,200,000.

- The first tranche of convertible notes with a face value of $2,000,000 were issued on 21 February 2014 and are accounted for as a compound financial instrument as at 30 June 2017. The key terms of these convertible notes include a maturity date of 21 February 2019, interest accrues at 4% above the cash rate of the RBA and they are secured. On 15th September 2017 the convertible notes were settled by way of repayment in cash.
- The second tranche of convertible notes with a face value of $7,200,000 were issued on 19 October 2016 and were accounted for at fair value through profit or loss as at 30 June 2017. The key terms of these convertible notes include a maturity date of 31 March 2020, interest accrues at 4% above the cash rate of the RBA and they are unsecured. Upon the completion of the Offer, these convertible notes were converted into 25,083,819 Ordinary Shares. This conversion included the settlement of any interest accrued to 31 July 2017.
- RightCrowd had a shadow equity plan which was designed to provide a cash benefit to eligible employees based on the realisation of value of the company's shares in a transaction like an IPO. This plan has been accounted for as a cash settled share based payment measured at fair value. As at 30 June 2017, a liability of $1,995,000 was recognised. Subsequent to 30 June 2017, a deed of release was entered into by each employee who was a party to the shadow equity plan. The deed of release provides for a total payment of $225,522.65 in full and final satisfaction of all obligations under the shadow equity plan. This will result in a derecognition of liabilities of $1,769,477 in the financial statements of the 2018 financial year. At 15 September 2017 $192,857 of the settlement amount was paid to employees.
- The Prospectus provides for a sale of 2,500,000 Ordinary Shares of Peter Hill at a sale price of $0.30 each to be funded by the proceeds of the IPO. A payment of $750,000 was made to settle this on 15th September 2017.
- The Company has implemented an Employee Share Option Plan (ESOP) as a long-term incentive plan for all employees of the company and grat of options were made on 13th September 2017. The Company granted 6,505,000 options. The objective of this scheme is to incentivise the creation of additional shareholder value over the 3 year period.

Principal Activities

RightCrowd is a leading developer of physical security, safety and compliance software. Since 2004, the Company has invested in research and development to provide innovative solutions which improve security, safety and compliance for organisational workforces, including employees, contractors and visitors to sites.

Significant Changes to Activities

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Dividends Paid and Proposed

No dividends have been paid or proposed by the Company during or since the end of the financial year.

Business Model

The Company generates revenue from sales of its software, comprising up-front licence fees, annual subscription fees and annual support and maintenance fees. The software products include large scale enterprise software (predominantly sold direct to the customer) and 'out of the box' software (predominantly sold through channel partners). The Company also generates revenue from professional services that it provides to its clients. The pricing structures for sales of the Company's various products and consulting fees are dependent on the scale and complexity of the client requirement.

DIRECTORS' REPORT

The Company anticipates that an increasing proportion of future RightCrowd Enterprise product sales will be migrated to an annual subscription-based model.

The Company operates in a number of market segments that form part of or augment the overall physical access security market. These segments include Visitor Management, Physical Identity and Access Management (PIAM), Physical Security Information Management (PSIM) and Continuous Workforce Assurance (CWA).

Operating Results

The consolidated loss of the consolidated group amounted to $4,697,428 (2016 loss: $1,181,662), after providing for income tax and eliminating non-controlling equity interests. The significant change was largely due to decreased revenue from operations falling from $7.0 million to $4.1million.

This was principally due to an increased focus on research and development activity in the year as the Company integrated its products to additional physical access control systems. This required redeployment of technical staff who had carried out deployment services in the previous financial period. The completion of a substantial professional services project in the 2016 financial period and the absence of a similar replacement project or projects in the 2017 period, aligned to the decision to invest more of the Company's resources into additional research and development activities in the current period meant that revenue was lower in 2017.

During the financial year RightCrowd acquired the shares of Reporia Pty Ltd through an issue of 2,346,778 shares in RightCrowd. Under accounting standards the acquisition was not considered a business combination and therefore represented the acquisition of intangible assets of Reporia Pty Ltd. The value assigned to the transaction was based on the fair value of the shares given up by RightCrowd to acquire the assets.

Between the 10th October 2016 and 19th October 2016, RightCrowd Limited issued convertible notes with a face value of $7.2M with a maturity date of 31 March 2020. Interest accrues on these convertible notes at 4% above the cash rate of the RBA. The convertible notes are unsecured and can be converted for a variable number of shares dependent on the circumstances at date of conversion.

Revenue Pipeline

The Company included information on pipeline in the IPO Prospectus but will not be providing market guidance to shareholders in relation to revenue. In relation to the financial year ended 30 June 2018 the Company has the following committed revenue streams:

- approximately $2 million in annual recurring revenue comprising annual subscription fees and annual support and maintenance fees as a result of sale and licensing of its software in prior periods; and
- approximately $3 million in consulting fees from services to be provided to customers, and will mainly be delivered in the 2018 financial period.

The Company maintains a CRM system in respect of its future opportunities, and has a significant pipeline of future opportunities at varying levels of maturity, from early discussions, scope definition through to quotes submitted for approval. Note, there is no guarantee what proportion of this pipeline will result in actual revenue, or the timing of receipt of revenue.

During the current financial period, the Company will focus on activities with the aim of increasing sales, investing in development of marketing collateral in order to support direct selling and indirect sales through the Company's reseller channel partners.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 15 of the financial report.

Meetings of Directors

During the financial year there was one meeting attended by the sole director. The Company, upon the appointment of new Board members has a timetable of meetings to support the governance of the business.

DIRECTORS' REPORT

Indemnification and Insurance for Directors and Officers

During the year the Company paid insurance premiums in relation to a policy for the sole Director and since the end of the financial year the company has agreed to pay insurance premiums in respect of a contract insuring all of the Directors and executive officers of the Group against a liability incurred in their role as Directors and officers of the group, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

Options

At the date of this report, the unissued ordinary shares of RightCrowd Limited under the Employee Share Option Plan are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
13 September 2017	12 December 2018	$0.38	2,168,363
13 September 2017	12 December 2019	$0.43	2,168,328
13 September 2017	11 December 2020	$0.43	2,168,309
			6,505,000

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to BDO Audit Pty Ltd for non-audit services provided during the year ended 30 June 2017:

	$
IPO Assurance fees	89,090
	89,090

Environmental issues

The Group's operations are not subject to any significant environmental regulations in the countries where it operates

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of RightCrowd Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of RightCrowd Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders. It should be noted that the Remuneration Policy has been changed during the transition from a private to public company and was previously managed by the sole Director.

The company listed on the Australian Stock Exchange in September 2017. The Board's revised policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

The remuneration policy is to be developed by the remuneration committee and approved by the Board. Professional advice may be sought from independent external consultants (if considered necessary).

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

Performance incentives will generally only be paid once predetermined key performance indicators (KPIs) have been met. Other than the Managing Director, Directors do not receive performance incentives. Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. Other than the Managing Director, it is not envisaged that Directors receive incentives in the form of options or rights.

The remuneration committee will review KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

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

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

KMP do not receive any other retirement benefits.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee will determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.
KMP are also entitled and encouraged to participate in the employee share option arrangements to align executives' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public. Option value is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using RightCrowd Limited shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs will be set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs will be assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs will be reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency will be assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved RightCrowd Limited will base the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports will be obtained from external organisations if required.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The Board added two non-Executive Directors and approved the Company's Remuneration Policy after the financial year end 30 June 2017. As such the Company's Director and KMP remuneration has been based on Company performance over the current and comparative financial periods. As part of the changes brought about by the listing of RightCrowd, the following policy items will be applied to achieve the aim of increased shareholder and management goal congruence, the first being a performance-based bonus based on KPIs, and the second being the issue of options to the majority of executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profit / (loss) for the last 4 years for the entity. Over recent years the company has been managed as a research and development company and as such the maximum possible investment has been made in order to utilise available tax incentives in relation to this activity.

	2014	**2015**	**2016**	**2017**
	$	**$**	**$**	**$**
Revenue and other income	4,637,930	6,939,322	8,802,468	5,997,948
Net (loss)	(554,349)	(395,165)	(1,181,662)	(4,697,428)
Earnings Per Share	(0.44)	(0.32)	(0.95)	(0.22)
Share Price	N/A	N/A	N/A	N/A

REMUNERATION REPORT (AUDITED)

Employment Details of Members of Key Management Personnel

One of the purposes of listing in September 2017 was to raise funds to allow the appointment of additional KMPs. The following table provides employment details of persons who were, during the financial year (i.e. pre-IPO), members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 30 June 2017 and any Change during the Year	Contract Details (Tenure)	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives	Shares/ Units	Fixed Salary/ Fees
			%	%	%
Group KMP					
Peter Hill	CEO / Managing Director	13 years	1	0	99
Leslie Milne	CFO	6 months	0	0	100

The employment terms and conditions of all KMP are formalised in contracts of employment. Leslie Milne was appointed CFO on 3 January 2017. Contracts of Employment can be terminated by the employee or the Company as follows: -

CEO / Managing Director on giving 6 (six) months' notice.

CFO on giving 2 (two) weeks' notice.

Employement Contracts

The company has entered into an employement contract with Mr Peter Hill. The key terms of the contract are:

- Remuneration per contract is an amount to be based on company financial performance;
- 4 weeks annual leave per annum

Chief Financial Officer:

The company has entered into an employement contract with Mr Leslie Milne. The key terms of the contract are:

- Salary of $180,000 per annum plus statutory superannution contributions
- 4 weeks annual leave pe rannum
- Performance bonus based on personal performance over the first 6 months of $10,000 payable in June 2017
- Bonus of $10,000 should RightCrowd raise raise greater than $5,000,000 in new capital

Changes in Directors and Executives Subsequent to Year-end

On 6 August 2017, Robert Baker commenced as Non-Executive Chairman.

On 6 August 2017, Scott Goninan commenced as a Non-Executive Director.

REMUNERATION REPORT (AUDITED)

Remuneration Expense Details for the Year Ended 30 June 2017

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2017

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Pay-ments	Termin-ation Benefits	Total
		Salary, Fees and Leave	Profit Share and Bonuses	Non-mone-tary	Other	Pension and Super-annu-ation	Other	Incentive Plans	LSL	Shares/ Units	Options/ Rights			
		$	$	$	$	$	$	$	$	$	$	$	$	$
Group KMP														
Peter Hill	2017	169,968	Nil	11,987	Nil	14,250	Nil	Nil	2,501	Nil	Nil	Nil	Nil	198,706
Peter Hill	2016	169,596	Nil	11,057	Nil	14,250	Nil	Nil	2,501	Nil	Nil	Nil	Nil	197,404
Leslie Milne*	2017	95,886	Nil	Nil	395	8,484	Nil	Nil	Nil	Nil	Nil	Nil	Nil	104,765
Leslie Milne	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total KMP														
	2017	265,854	Nil	11,987	395	22,734	Nil	Nil	2,501	Nil	Nil	Nil	Nil	302,471
	2016	169,596	Nil	11,057	Nil	14,250	Nil	Nil	2,501	Nil	Nil	Nil	Nil	197,404

- *Appointed 3 January /2017*

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

During the 2 financial years ended 30 June 2016 and 2017 the company did not grant any cash bonuses or share-based payments to members of KMP. The Board will review these forms of remuneration in the current year.

As part of the IPO the company has set up an Employee Stock Option Plan and first grants were made on 13 September 2017.

KMP Shareholdings

The number of ordinary shares in RightCrowd Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year (Note 1)	Balance at End of Year
Peter Hill	**1,250,000**	**-**	**-**	**58,750,000**	**60,000,000**
Leslie Milne	**-**	**-**	**-**	**-**	**-**
	1,250,000	**-**	**-**	**58,750,000**	**60,000,000**

REMUNERATION REPORT (AUDITED)

Note 1: On 24th February 2017, the company instituted a share split. Shareholders received an additional 47 shares for each share held. This was done in order to prepare for the potential company float.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Loans to/from KMP

Temporary loans advanced and repaid to the Managing Director during the year incur interest at 0% per annum. Loans are not secured as they have been used as advances against a living away from home allowance in relation to long business trips carried out to meet potential customers, partners and pursue company growth.

	$
Balance at beginning of the year	6,209
Loans advanced	-
Loan repayment received / Acquitted by expenditure made	(6,209)
Interest charged	-
Interest received	-
Provision for impairment	-
Balance at end of the year	-

The number of KMP with loans outstanding at the end of the period: NIL

Other Transactions with KMP and/or their Related Parties

On 10 October 2016, RightCrowd issued convertible notes with a face value of $5,000,000 to Mr Alfred Scott Goninan (who was appointed as a Director on 6th of August 2017) with a maturity date of 31 March 2020. Interest accrued on these convertible notes at 4% above the cash rate of the RBA and was accrued to 30 June 2017 at $198,904.

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of remuneration report (Audited)

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

Peter Hill, Director

Dated: 29 September 2017

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF RIGHTCROWD LIMITED

As lead auditor of Rightcrowd Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rightcrowd Limited and the entities it controlled during the year.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		2017 $	2016 $
Revenue	3	4,146,976	7,015,630
Other income	3	1,850,172	1,786,838
Employee benefits expense	4	(7,949,007)	(7,562,467)
Depreciation and amortisation expense	4	(208,504)	(82,818)
Finance costs	4	(542,429)	(275,165)
Other expenses	4	(1,994,636)	(2,063,680)
Profit/(loss) before income tax		(4,697,428)	(1,181,662)
Income Tax Expense	5	-	-
Net (loss) from continuing operations		(4,697,428)	(1,181,662)
Net (loss) for the year		(4,697,428)	(1,181,662)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax		6,115	(25,458)
Total other comprehensive (loss) for the year		6,115	(25,458)
Total comprehensive loss for the year		(4,691,313)	(1,207,120)
Earnings per share			
Basic earnings per share (cents)	8	(0.22)	(0.95)
Diluted earnings per share (cents)	8	(0.22)	(0.95)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated Group	
		2017	2016
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	5,177,761	2,553,738
Trade and other receivables	10	2,835,700	1,988,499
Other assets	14	23,062	23,958
TOTAL CURRENT ASSETS		8,036,523	4,566,195
NON-CURRENT ASSETS			
Property, plant and equipment	12	134,218	309,716
Intangible assets	13	585,773	1,771
TOTAL NON-CURRENT ASSETS		719,991	311,487
TOTAL ASSETS		8,756,514	4,877,682
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	544,631	174,512
Borrowings	16	20,871	32,800
Other liabilities	17	2,820,720	2,683,269
Provisions	18	648,780	574,604
TOTAL CURRENT LIABILITIES		4,035,002	3,465,185
NON-CURRENT LIABILITIES			
Borrowings	16	8,908,552	1,555,392
Provisions	18	124,530	77,287
TOTAL NON-CURRENT LIABILITIES		9,033,082	1,632,679
TOTAL LIABILITIES		13,068,084	5,097,864
NET ASSETS/(LIABILITIES)		(4,311,570)	(220,182)
EQUITY			
Issued capital	19	3,349,925	2,750,000
Reserves	26	794,416	788,301
Accumulated Losses		(8,455,911)	(3,758,483)
TOTAL EQUITY		(4,311,570)	(220,182)

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Share Capital	Accumulated Losses	Foreign Currency Transalation Reserve	Other Contribution Equity	Total
		$	$	$	$	$
Consolidated Group						
Balance at 1 July 2015		2,750,000	(2,576,821)	61,822	751,936	986,937
Comprehensive income						
(Loss) for the year		-	(1,181,662)	-	-	(1,181,662)
Other comprehensive income for the year	26	-	-	(25,457)	-	(25,457)
Total comprehensive income for the year			(1,181,662)	(25,457)		(1,207,119)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year		-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-
Balance at 30 June 2016		2,750,000	(3,758,483)	36,365	751,936	(220,182)
Balance at 1 July 2016		2,750,000	(3,758,483)	36,365	751,936	(220,182)
Comprehensive income						
(Loss) for the year		-	(4,697,428)	-	-	(4,697,428)
Other comprehensive income for the year	26	-	-	6,115	-	6,115
Total comprehensive income for the year		-	(4,697,428)	6,115	-	(4,691,313)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year		599,925	-	-	-	599,925
Total transactions with owners and other transfers		599,925	-	-	-	599,925
Balance at 30 June 2017		3,349,925	(8,455,911)	42,480	751,936	(4,311,570)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,456,289	8,360,102
Payments to suppliers and employees		(9,599,056)	(9,506,838)
Interest received		38,990	76,505
Finance costs		(389,269)	(137,281)
Grant income received		792,920	646,648
Net cash provided by operating activities	21	(4,700,126)	(560,864)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,082)	(86,490)
Net cash used in investing activities		(17,082)	(86,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		7,341,231	-
Repayment of borrowings		-	907
Net cash provided by/(used in) financing activities		7,341,231	907
Net increase in cash held		2,624,023	(646,447)
Cash and cash equivalents at beginning of financial year		2,553,738	3,200,185
Cash and cash equivalents at end of financial year	9	5,177,761	2,553,738

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The consolidated financial statements and notes represent those of RightCrowd Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, RightCrowd Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Parent information is disclosed in note 2.

The financial statements were authorised for issue on 29 September 2017 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statement, except for cash flow information, have been prepared on accruals basis and are based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Going Concern

The consolidated group incurred a net loss for the financial year ended 30 June 2017 of $4,697,428 (2016: $1,181,662) and net cash operating outflows of $4,700,126 (2016: $560,864). As at 30 June 2017, the consolidated group's total liabilities exceeded total assets by $4,311,570 (30 June 2016: $220,182), but its current assets of $8,036,523 (2016: $4,566,195) exceeded its current liabilities of $4,035,002 (2016: $3,465,185) by $4,001,521 (2016: $1,101,010).

The financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The consolidated group has forecast its future cash flows requirements to 30 September 2018, which can currently be met by its cash held at balance date. The net liability position of the consolidated group is predominantly driven by the convertible notes recognised as non-current liabilities.

As discussed in Note 22, In addition, after year end, the consolidated group completed a number of transactions as part of its current IPO process including:

- Capital raising of approximately $10,000,000 before transaction costs;
- Conversion of $7,200,000 of convertible notes following the successful completion of the IPO;
- Repayment of $2,000,000 of convertible notes following the successful completion of the IPO; and
- Settlement of the cash settled share based payments liability of $1,995,000 for $225,000 in total, resulting in derecognition of $1,770,000 currently recognised in liabilities.

The directors are of the opinion that the use of the going concern basis of accounting is appropriate given the existing circumstances identified above and its successful IPO.

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RightCrowd Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Income Tax

The income tax expense (income) 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 for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as 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 or arising from a business combination.

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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

c. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. **Property, Plant and Equipment**

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1g) for details of impairment).

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.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation
Leasehold improvements	40 years
Motor vehicles	8 years
Plant and equipment	1-20 years

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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

f. **Financial Instruments**

Initial recognition and 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 entity commits itself to either the purchase or sale of the asset (ie 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

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as 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.

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) over 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 amount 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 ventures 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Non-derivative financial liabilities are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the financial liabilities are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes that are fixed in nature, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds at initial recognition are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

On the issue of the convertible notes that are variable in nature, both a host debt (for the principal component) and an embedded derivative (for the option component) exist. For such convertible notes, the combined host debt and embedded derivative are accounted for at fair value via the profit or loss. The combined host debt and embedded derivative are remeasured at fair value at each balance date with any movement in the fair value recognised via the profit or loss. The corresponding interest on convertible notes is expensed to profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **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, associates or joint ventures 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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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, intangible assets with indefinite lives and intangible assets not yet available for use.

h. **Intangible Assets Other than Goodwill**

Research and development

Expenditure during the research phase of a project and development costs are recognised as an expense when incurred.

Intellectual property in use

Intellectual property are recognised at cost on acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Software and website development costs

Software and website development costs are capitalised only when the Group identifies that the project will deliver future economic benefits and these benefits can be measured reliably. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or websites become operational.

The amortisation rates used for each class of intangible asset with a finite useful life are:

Class of Intangible Asset	Amortisation Rate
Software	40%
Interlectual property in use	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equity-settled compensation

The Group operates an employee share option plan. The plan commenced after the end of the financial period. Share-based payments to employees will be measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is 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. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

m. **Revenue and Other Income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable after taking into account contractually defined terms of payment and excluding taxes (including GST) or duty.

Revenue from the sale of software licenses of a perpetual type is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of the right to use the software.

Interest revenue is recognised using the effective interest method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is generally determined with reference to the project milestones set out in the project statement of work.

Government grant income (including research and development refundable tax offsets) are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating.

All revenue is stated net of the amount of goods and services tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1g for further discussion on the determination of impairment losses.

o. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

p. 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.

q. Issued Capital and Redeemable Preference Shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds net of any income tax benefit.

Preference shares are classified as equity to the extent that they meet the definition of equity.

r. Cash-settled Share-based Payment Transactions

For cash-settled share-based payment transactions, the entity measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

s. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Key judgement

(i) *Impairment*

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

Key estimates

(i) *Provision for impairment of receivables*

The Group assesses that there is no requirement to make a provision for impairment for receivables at the end of the current reporting period. The Group has a process of regular assessment of recoverability of receivables.

(ii) *Fair value of liabilities*

Variable convertible notes and cash settled share based payments are measured at fair value. The valuation techniques used in determining the fair value incorporate various key assumptions and inputs as detailed further at note 25.

u. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

– AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 July 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: PARENT INFORMATION

	2017 $	2016 $
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	700,322	1,935,058
Non-current assets	4,183,802	-
TOTAL ASSETS	4,883,404	1,935,058
LIABILITIES		
Current liabilities	286,422	27,500
Non-current liabilities	8,908,552	1,555,892
TOTAL LIABILITIES	9,194,974	1,583,392
EQUITY		
Issued capital	3,349,925	2,750,000
Retained earnings	(8,413,431)	(3,150,270)
Reserves	751,936	751,936
TOTAL EQUITY	(4,311,570)	351,666
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	(5,263,164)	(2,640,463)
Total comprehensive income/(loss)	(5,263,164)	(2,640,463)

NOTE 2: PARENT INFORMATION (CONTINUED)

a) The parent entity has no contingent liabilities (2016: nil).

b) The parent entity's commitments are consistent with those of the group disclosed in Note 27.

c) The parent entity has not entered into any guarantees.

NOTE 3: REVENUE AND OTHER INCOME

		Consolidated Group	
		2017	2016
	Note	$	$
a. **Revenue from continuing operations**			
Sales revenue:			
– Software revenue		1,893,507	2,388,399
– provision of services		2,253,469	4,627,231
		4,146,976	7,015,630
Other revenue:			
– interest received		38,990	76,505
– export market development grant		8,356	102,000
– CA Project revenue		79,838	726,040
– travel & accommodation recharge		27,520	16,840
– employee contributions		30,725	13,829
– foreign currency exchange		18,459	67,029
– R&D Refund		1,647,084	784,565
		1,850,972	1,786,808
Total revenue		5,997,948	8,802,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: PROFIT FOR THE YEAR

	Note	Consolidated Group	
		2017 $	2016 $
Profit before income tax from continuing operations includes the following specific expenses:			
a. **Expenses**			
Employee benefits expense:			
– salaries and wages		7,141,092	6,701,189
– defined contribution superannuation expense		437,217	424,133
– WorkCover		12,419	6,267
– other employment expenses		21,917	15,734
– bonus payments		214,943	45,811
– taxes		-	187,572
– Increase in provisions		121,419	181,761
		7,949,007	7,562,467
Depreciation and amortisation expense			
– depreciation expense		192,581	81,851
– amortisation expense		15,923	967
		208,504	82,818
Finance costs		542,429	275,165
Lease expenses		142,915	140,342

NOTE 5: TAX EXPENSE/(INCOME)

	Note	Consolidated Group	
		2017 $	2016 $
a. **Income tax expense**			
The components of tax expense/(income) comprise:			
Current tax		-	-
Deferred tax		-	-
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: TAX EXPENSE/(INCOME)

b. **Prima facie reconciliation**

The prima facie tax, using tax rates applicable in the country of operation, on profit (loss) differs from the income tax provided in the financial statements as follows:

(Loss) before tax		(4,697,428)	(1,181,662)
Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 30% (2016: 30%)		(1,409,228)	(354,499)
Tax effect of:			
– non-allowable items		59,678	176,741
– Net Impact of R&D Refund	2	641,796	99,203
Deferred tax assets not recognised as recoverability criteria not met		707,754	78,555
Income tax expense		-	-

Deferred tax assets are not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur.

Operating tax losses as at 30 June available to off-set future taxable income	1,753,514	11,581

There is no tax expense in relation to other comprehensive income.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

During the year ended 30 June 2017 the company considers that the Group's KMP for the purpose of this note are the CEO and CFO. The CFO was appointed on 3 January 2017. The Board will consider extending this group of personal during the 2018 financial year as its resources are expanded following listing.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2017 $	2016 $
Short-term employee benefits	278,236	180,653
Post-employment benefits	22,734	14,250
Other long-term benefits	2,501	2,501
Total KMP compensation	303,471	197,404

Short-term employee benefits

These amounts include salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's superannuation contributions and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 7: AUDITOR'S REMUNERATION

	Consolidated Group	
	2017	**2016**
	$	**$**
Remuneration of the auditor (BDO Audit Pty Ltd) for:		
– auditing or reviewing the financial statements	48,500	-
– IPO assurance services	89,090	-
	137,590	-

Audit services in the prior year was paid by a third party entity.

NOTE 8: EARNINGS PER SHARE

		Consolidated Group	
		2017	**2016**
		$	**$**
a.	Reconciliation of earnings to profit or loss:		
	Profit/(Loss)	(4,697,428)	(1,181,662)
	Redeemable and convertible preference share dividends	-	-
	Earnings used to calculate basic EPS	(4,697,428)	(1,181,662)
	Dividends on convertible preference shares	-	-
	Earnings used in the calculation of dilutive EPS	(4,697,428)	(1,181,662)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	21,600,885	1,250,000

The 7,200,000 convertible notes and 20,000,016 preference shares that have been converted into fully paid ordinary shares subsequent to reporting date (as disclosed in note 23) would not have significantly changed the weighted number of ordinary shares outstanding at the end of the reporting period if these conversions had occurred before the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2017 $	2016 $
Cash at bank and on hand		5,177,761	2,553,738
Short-term bank deposits		-	-
		5,177,761	2,553,738

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		5,177,761	2,553,738
Bank overdrafts		-	-
		5,177,761	2,553,738

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2017 $	2016 $
CURRENT			
Trade receivables		1,188,616	1,203,934
Provision for impairment		-	-
		1,188,616	1,203,935
R & D RefundableTax Offset receivable		1,647,084	784,565
Provision for impairment		-	-
		1,647,084	784,565
Total current trade and other receivables		2,835,700	1,988,499

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related 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.

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue) < 30 $	31–60 $	61–90 $	> 90 $	Within Initial Trade Terms $
2017							
Trade and term receivables	1,188,615	-	340,048	16,384	112,234	194,928	525,021
Other receivables	1,647,084	-	-	-	-	-	1,647,084
Total	1,188,615	-	340,048	16,384	112,234	194,928	2,172,105
2016							
Trade and term receivables	1,203,934	-	143,916	16,500	10,444	-	1,033,074
Other receivables	784,565	-	-	-	-	-	784,565
Total	1,988,499	-	143,916	16,500	10,444	-	1,817,639

NOTE 11: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group 2017 %	2016 %	Proportion of Non-controlling Interests 2017 %	2016 %
Subsidiary of RightCrowd Limited					
RightCrowd Software Pty Ltd	Australia	100%	100%	0%	0%
Subsidiary of Rightcrowd Software Pty Ltd					
RightCrowd Inc.	USA	100%	100%	0%	0%
RightCrowd Inc.	Philippines	100%	100%	0%	0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2017	**2016**
	$	**$**
Land and Buildings		
Plant and Equipment		
Plant and equipment:		
At cost	641,271	474,352
Accumulated depreciation	(509,046)	(299,224)
Accumulated impairment losses	-	-
	132,225	175,128
Leasehold improvements:		
At cost	155,188	152,587
Accumulated amortisation	(153,195)	(17,999)
	1,993	134,588
Total plant and equipment	134,218	309,716
Total property, plant and equipment	134,218	309,716

a. **Movements in Carrying Amounts**

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

	Leasehold Improvements	Plant and Equipment	Total
	$	**$**	**$**
Consolidated Group:			
Balance at 1 July 2015	131,760	173,317	305,077
Additions	6,630	79,860	86,490
Depreciation expense	(3,802)	(78,049)	(81,851)
Balance at 30 June 2016	134,588	175,128	309,716
Additions	2,601	14,481	17,082
Depreciation expense	(135,195)	(57,384)	(192,580)
Balance at 30 June 2017	1,993	132,225	134,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13: INTANGIBLE ASSETS

	Consolidated Group	
	2017	**2016**
	$	**$**
Software and website development costs:		
Cost	31,742	31,742
Accumulated amortisation and impairment losses	(30,894)	(29,971)
Net carrying amount	848	1,771
Interlectual property in use;		
Cost	599,925	-
Accumulated amortisation and impairment losses	(15,000)	-
Net carrying amount	584,925	-
Total intangible assets	585,773	1,771

	Software	Intellectual Property	Total
	$	**$**	**$**
Consolidated Group:			
Year ended 30 June 2016			
Balance at the beginning of the year	2,738	-	2,738
Amortisation charge	(967)	-	(967)
Closing value at 30 June 2016	1,771	-	1,771
Year ended 30 June 2017			
Balance at the beginning of the year	1,771	-	1,771
Additions		599,925	599,925
Amortisation charge	(923)	(15,000)	(923)
Closing value at 30 June 2017	848	584,925	585,773

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: OTHER ASSETS

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Prepayments	23,062	23,958

NOTE 15: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2017	**2016**
		$	**$**
CURRENT			
Unsecured liabilities:			
Trade payables		544,631	174,512
		544,631	174,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: BORROWINGS

	Note	Consolidated Group	
		2017 $	2016 $
CURRENT			
Unsecured liabilities:			
Related party loans		-	6,209
		-	6,209
Secured liabilities:			
Mortgage loans		20,871	26,591
		20,871	26,591
Total current borrowings		20,871	32,800
NON-CURRENT			
Unsecured liabilities:			
Fixed convertible notes at amortised cost	16a	1,708,552	1,555,392
Variable convertible notes at fair value	16b	7,200,000	-
		8,908,552	1,555,392
Total non-current borrowings		8,908,552	1,555,392
Total borrowings	38	8,929,423	1,588,192

a.	Fixed convertible notes:		
	Opening balance	1,555,392	1,415,962
	Proceeds	-	-
		1,555,392	1,415,962
	Unwinding of the discount	153,160	139,430
	Gross convertible note	1,708,552	1,555,392

Fixed convertible notes with a face value of $2M were entered into on 21 February 2014 and have a maturity date of 21 February 2019. Interest accrued on these convertible notes at 4% above the cash rate of the RBA. The convertible notes are secured and can be converted for a fixed number of shares at date of conversion.

b.	Variable convertible notes:		
	Opening balance	-	-
	Proceeds	7,200,000	-
	Movement in fair value through profit or loss	-	-
	Convertible note held at fair value	7,200,000	-

Variable convertible notes with a face value of $7.2M were entered into between 10th October 2016 and 19th October 2016 and have a maturity date of 31 March 2020. Interest accrues on these convertible notes at 4% above the cash rate of the RBA. The convertible notes are unsecured and can be converted fro a variable number of shares dependent on the circumstances at date of conversion

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: OTHER LIABILITIES

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Deferred revenue	825,720	688,269
Cash settled share based payment at fair value	1,995,000	1,995,000
	2,820,720	2,683,269

NOTE 18: PROVISIONS

	Consolidated Group	
	2017	**2016**
Employee benefits	**$**	**$**
Current	648,780	574,604
Non-current	124,530	77,287
	773,310	651,891

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(j).

NOTE 19: ISSUED CAPITAL

	Consolidated Group	
	2017	**2016**
	$	**$**
62,346,778 (2016: 1,250,000) fully paid ordinary shares	1,349,925	750,000
20,000,016 (2016: 416,667) fully paid preference shares	2,000,000	2,000,000
	3,349,925	2,750,000

The Group has authorised share capital amounting to 62,346,778 ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

a.	**Ordinary Shares**	**No.**	**$**
	At the beginning of the reporting period	1,250,000	1,250,000
	Shares issued during the year:		
	– 27 February 2017	58,750,000	-
	– 5 April 2017	2,346,778	-
	At the end of the reporting period	62,346,778	1,250,000

On 27 February 2017, the Group issued 58,750,000 ordinary shares at $Nil each to shareholders on the basis of 47 shares for every 1 share held. The shares are eligible for dividends paid after 27 February 2017.

On 5 April 2017, the Group issued 2,346,778 ordinary shares at $0.25 each to David Thomas as consideration for 100% of the issued capital of Reporia Pty Ltd. The shares are eligible for dividends paid after 5 April 2017.

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' meetings 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.	**Preference Shares**		
	At the beginning of the reporting period	416,667	416,667
	Shares issued during the year:		
	– 27 February 2017	19,583,349	-
	At the end of the reporting period	20,000,016	416,667

On 27 February 2017, the Group issued 19,583,349 preference shares at $Nil each to shareholders on the basis of 47 shares for every 1 share held. The Preference Shares ranked above the Ordinary Shares if the business was to cease. These shares were converted to Ordinary Shares on a 1 on 1 basis upon the successful completion of the IPO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: ISSUED CAPITAL

c. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible preference shares and financial liabilities, supported by financial assets.

The Group is not subject to any 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, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing for the years ended 30 June 2017 and 30 June 2016 are as follows:

	Note	Consolidated Group	
		2017 $	2016 $
Total borrowings	16	8,929,423	1,555,392
Less cash and cash equivalents	9	(5,177,761)	(2,553,738)
Net debt		3,751,662	(998,346)
Total equity		(4,296,570)	(220,182)

As at 30 June 2017 there was a deficiency in Shareholder Funds. Subsequent to the year-end the company successfully raised $10,000,000 from the IPO.

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

In the opinion of the directors, there were no material or significant contingent liabilities at 30 June 2017 (30 June 2016: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 21: CASH FLOW INFORMATION

		Consolidated Group	
		2017 $	2016 $
a.	**Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax**		
	Loss after income tax	(4,697,428)	(1,181,662)
	Non-cash flows in profit:		
	– Amortisation	15,923	967
	– Depreciation	192,581	81,851
	– Movement in foreign currency reserve	6,115	(25,457)
	– Convertible note amortisation	153,160	139,430
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– increase in trade and term receivables	(846,306)	(454,117)
	– increase/(decrease) in trade payables and accruals	354,410	696,363
	– increase in provisions	121,419	181,761
	Cash flows from operating activities	(4,700,126)	(560,864)
b.	**Non-cash Financing and Investing Activities**		
	(i) Acquisition of intangible assets from Reporia Pty Ltd		
	2,346,778 ordinary shares were issued at $599,925 as consideration for the purchase of intangible assets ready for use from Reporia Pty Ltd. The share issue was based on the fair value of the company which was determined by an independent valuation of RightCrowd Limited prior to the purchase.	599,925	-

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 18th September 2017 RightCrowd Limited (RCW) was listed on the Australian Stock Exchange (ASX) as a result of an Initial Public Offering (IPO). The IPO was undertaken in order to provide a capital injection to the business in order to scale the sales and marketing operations, support and delivery capability and continue the to develop the company's technology solutions. The following significant trnasactions occurred subsequent to balance date in relation to the successful IPO;

- The IPO raised $10,000,000 (issuing 33,333,333 shares at $ 0.30 per share) as outlined in the Prospectus document that was issued. On 13th September 2017, the company received $9,460,398 in relation to the IPO which is the total capital raising proceeds, net off costs, including fees paid to Morgans, the corporate advisors.
- On the 24th August 2017, 20,000,016 preference shares in RightCrowd Ltd were converted to ordinary share at a 1:1 basis.

As at 30 June 2017 of these financial statements RightCrowd had two tranches of convertible notes with fair values totalling $9,200,000.

- The first tranche of convertible notes with a face value of $2,000,000 were issued on 21 February 2014 and are accounted for as a compound financial instrument as at 30 June 2017. The key terms of these convertible notes include a maturity date of 21 February 2019, interest accrues at 4% above the cash rate of the RBA and they are secured. On 15th September 2017 the convertible notes were settled by way of repayment in cash.
- The second tranche of convertible notes with a face value of $7,200,000 were issued on 19 October 2016 and were accounted for at fair value through profit or loss as at 30 June 2017. The key terms of these convertible notes include a maturity date of 31 March 2020, interest accrues at 4% above the cash rate of the RBA and they are unsecured. Upon the completion of the Offer, these convertible notes were converted into 25,083,819 Ordinary Shares. This conversion included the settlement of any interest accrued to 31 July 2017.
- RightCrowd had a shadow equity plan which was designed to provide a cash benefit to eligible employees based on the realisation of value of the company's shares in a transaction like an IPO. This plan has been accounted for as a cash settled share based payment measured at fair value. As at 30 June 2017, a liability of $1,995,000 was recognised. Subsequent to 30 June 2017, a deed of release was entered into by each employee who was a party to the shadow equity plan. The deed of release provides for a total payment of $225,522.65 in full and final satisfaction of all obligations under the shadow equity plan. This will result in a derecognition of liabilities of $1,769,477 in the financial statements of the 2018 financial year. At 15 September 2017 $192,857 of the settlement amount was paid to employees.
- The Prospectus provided for the sale of 2,500,000 of Peter Hill's Ordinary Shares at a sale price of $0.30 each to be funded by the proceeds of the IPO. A payment of $750,000 was made to settle this on 15th September 2017.
- The Company has implemented an Employee Share Option Plan (ESOP) as a long-term incentive plan for all employees of the company and grat of options were made on 13th September 2017. The Company granted 6,505,000 options. The objective of this scheme is to incentivise the creation of additional shareholder value over the 3 year period.

NOTE 23: RELATED PARTY TRANSACTIONS

a. **Related parties**

The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is RightCrowd Limited, which is incorporated in Australia.

(ii) *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 6.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

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:

	Consolidated Group	
	2017	**2016**
	$	**$**
(i) *Key management personnel:*		
Short-term employment benefits	278,236	180,653
Post-employment benefits	22,734	14,250
Other long-term benefits	2,501	2,501
	303,471	197,404
c. Amounts outstanding from related parties		
(i) *Loans to other related parties:*		
Beginning of the year	24,895	1,795
Loans granted	-	24,395
Loan repayment received	(24,895)	(1,295)
End of the year	-	24,895
d. **Amounts payable to related parties**		
(i) *Loans from key management personnel:*		
Beginning of the year	18,086	-
Loan granted	-	18,086
Loan repaid	(18,086)	
End of the year	-	18,086

e. **Convertible notes issued to related parties**

(i) *Convertible notes issued to directors*

Beginning of the year	-	-
Convertible notes issued	5,000,000	-
End of the year	5,000,000	-
Interest expense capitalised as interest payable	198,904	-

On 10 October 2016, RightCrowd issued convertible notes with a face value of $5,000,000 to Mr Alfred Scott Goninan (who was appointed as a Director on 6th of August 2017) with a maturity date of 31 March 2020. Interest accrued on these convertible notes at 4% above the cash rate of the RBA and was accrued to 30 June 2017 at $198,904.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and convertible notes.

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

	Note	Consolidated Group	
		2017 $	2016 $
Financial assets			
Cash and cash equivalents	9	5,177,761	2,553,738
Trade and other receivables	10	2,835,700	1,988,499
Total financial assets		8,013,461	4,542,237
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	544,631	174,512
– borrowings	16	8,929,423	1,588,192
– other liabilities	17	1,995,000	1,995,000
Total financial liabilities		11,469,054	3,757,704

Financial Risk Management Policies

The Company's Executives have been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The Executive monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk. The Board oversees the Executives management of risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans.

Credit risk is managed through the maintenance of procedures (such as 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 counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the invoice date. For fees with longer settlements, terms are specified in the individual client contracts. In the case of any loans advanced, the terms are specific to each loan.

Credit risk exposures

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

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 10.

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

	Note	Consolidated Group	
		2017	2016
		$	$
Cash and cash equivalents:			
– AA rated		5,177,761	2,553,738
– A rated		-	-
	9	5,177,761	2,553,738

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 analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Subsequent to year end, all borrowings were either repaid or converted to equity.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities at 30 June 2017. No bank overdraft facilities have been extended to the Group.

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	544,631	174,512	-	-	-	-	544,631	174,512
Borrowings	-	6,309	20,871	26,491	-	-	20,871	32,800
Convertible Notes	-	-	8,908,552	1,555,392	-	-	8,908,552	1,555,392
Other liabilities	1,995,000	1,995,000	-	-	-	-	1,995,000	1,995,000
Total expected outflows	2,539,631	2,175,821	8,929,423	1,581,883	-	-	11,469,054	3,757,704

Financial assets – cash flows realisable								
Cash and cash equivalents	5,177,761	2,553,738	-	-	-	-	5,177,761	2,553,738
Trade, term and loan receivables	2,835,700	1,988,499	-	-	-	-	2,835,700	1,988,499
Total anticipated inflows	8,013,461	4,542,237	-	-	-	-	8,013,461	4,542,237
Net (outflow)/ inflow on financial instruments	4,648,110	1,678,147	(8,929,423)	(1,581,883)	-	-	(4,281,313)	96,264

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2017, the Group had interest-bearing convertible note financial liabilities and no group interest-bearing financial assets have fixed interest rates.

(ii) *Foreign currency risk*

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar and Philippines peso may impact on the Group's financial results unless those exposures are appropriately hedged.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Net Financial Assets/(Liabilities) in AUD

2017

Consolidated Group	**USD**	**AUD**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:					
Australian dollar	4,391,090	(9,372,892)	(30,826)	287,986	(4,724,646)
US dollar	400,087	-	-	-	400,087
Philippines peso	-	-	27,989	-	27,989
Statement of financial position exposure	4,791,177	(9,372,892)	(2,837)	287,986	(4,296,570)

2016	Net Financial Assets/(Liabilities) in AUD				
Consolidated Group	**USD**	**AUD**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:					
Australian dollar	4,033,010	(8,855,341)	-	177,167	(4,645,164)
US dollar	323,971	-	-	-	323,971
Philippines peso	-	-	39,880	-	39,880
Statement of financial position exposure	4,356,981	(8,855,341)	39,880	177,167	(4,281,313)

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for securities.

The Group has no exposure to price risk.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying value. Refer to Note 26 for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

NOTE 25: FAIR VALUE MEASUREMENTS

The following table provides the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2017			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**
Recurring fair value measurements					
Liabilities					
Convertible notes issued during the period	16b	-	-	7,200,000	7,200,000
Cash settled share based payment at fair value	17	-	-	1,995,000	1,995,000
Total liabilities recognised at fair value		**-**	**-**	**9,195,000**	**9,195,000**

Convertible notes issued during the period

The value of convertible notes was determined by an external valuer using standard debt valuation techniques and the Binomial tree model (Lattice tree) respectively. The methodology considers the likelihood of early exercise behaviour which is available under the Notes Deeds. Key inputs to the valuation include;

- Value of options $1.19
- Risk free interest rate 1.98%
- Volatility of share price 58%

There was no movements in the fair value of variable convertible notes during the year.

Cash settled share based payment at fair value

The fair value of cash settled share based payments was determined using unobservable inputs.

The unobservable inputs comprise of a combnation of events which triggers the future payment of the cash settled share based payment including a significant event for Rightcrowd (e.g. IPO) or the payment of a dividend. The fair value has been determined with reference to the valuation of Rightcrowd and the expectation that payment will be made under the respective shadow equity plan in the future.

There was no movement in the fair value of cah settled share absed payments during the year.

NOTE 26: RESERVES

a. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Note	Consolidated Group	
		2017 $	2016 $
Foreign currency translation reserve			
Opening balance		36,365	61,822
Exchange differences on translation of foreign operations		6,115	(25,457)
Movement in foreign currency translation reserve		42,480	36,365

NOTE 27: CAPITAL AND LEASING COMMITMENTS

Capital commitments

The Group has no capital commitments at 30 June 2017 (2016: Nil).

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements as follows;

	Note	Consolidated Group	
		2017 $	2016 $
Not later than 12 months		351,213	138,107
Between 12 months and five years		256,706	23,766
Later than 5 years		-	-
		607,919	161,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 28: SEGMENT REPORTING

Reportable segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company currently operates predominantly in one segment, being the sale and service of the RightCrowd Solution.

i) Revenue by geographical location

Revenue by geographical location attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated Group	
	2017 $	**2016 $**
North America	2,136,316	5,006,496
Europe, Middle East and Africa	733,952	-
Latin America	62,039	69,693
Australia	1,214,669	1,939,441
	4,146,975	**7,015,630**

ii) Non-current assets by geographical location

Non-current assets by geographical location is disclosed below, based on the location of the assets.

	Consolidated Group	
	2017 $	**2016 $**
Latin America	13,895	5,503
Australia	702,496	305,984
	716,391	**311,487**

NOTE 29: COMPANY DETAILS

The registered office of the company is:

RightCrowd Limited

Ground Floor, Suite 2

183 Varsity Parade

Varsity Lakes QLD 4227

The principal places of business are:

- **RightCrowd Limited**

Ground Floor, Suite 2

183 Varsity Parade

Varsity Lakes QLD 4227

- **Rightcrowd Software Pty Ltd**

Australia
Ground Floor, Suite 2

183 Varsity Parade

Varsity Lakes QLD 4227

United States
2505 2nd Avenue, Suite 600

Seattle WA 98121

Philippines

Unit 2401, One San Miguel Avenue Building, Corner Shaw Boulevard

Ortigas Centre, Pasig City, Manila

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of RightCrowd Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 16 to 57, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, there are reasonable grounds to believe that the company will be able to meet any obligations or liabilities.

Director ……

Peter Hill

Dated this 29 September 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Rightcrowd Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
The group generates revenue from multiple streams including license sales & other services as disclosed in Note 1 (m). The amount of revenue recognised during the year for license sales and other services is dependent on the appropriate identification on the timing of transfer of the significant risks and rewards of ownership to the buyer. In our view, revenue recognition is significant to our audit due to the significance of revenue to the financial report and the complex nature of accounting for the appropriate timing of revenue related to the licence sales and other services.	Our audit procedures included: • Assessing the Group's revenue recognition policy's for compliance with Australian Accounting Standards. • Selecting a sample of license sales and other services recognised as revenue in the general ledger and agreeing to supporting invoices, signed customer contracts and proof of delivery where applicable. • Obtaining and evaluating credit notes issued post year end and the first and last invoices issued post and pre year end, to ensure an appropriate cut-off was achieved at balance date. • Analytical review procedures on all significant revenue streams on a disaggregated basis and against expected trends and prior year. • Selecting a sample of receipts and invoices from the clients' income in advance schedule and recalculating the appropriate deferred portion of licence sales revenue.

Accounting for the Initial Recognition and Subsequent Measurement of Convertible Notes

Key audit matter	*How the matter was addressed in our audit*
Refer to Notes 1(f)(ii) and 16 of the financial report. During the year the company issued convertible notes raising a total of $7,200,000 before any cost adjustments. Accounting for convertible notes was considered a key audit matter due to: • the complexity involved in assessing whether to account for the notes as equity, a liability or a combination of both;	We have evaluated the accounting for the convertibles notes in accordance with AASB 132: *Financial Instruments: Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. Our procedures included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement to determine if the

• measurement at initial recognition of the individual components of the liability based on the terms and conditions of the agreement and the significant judgement in determining the fair value of the separate components of the liability; and • measurement subsequent to initial recognition including the accounting and measurement of convertible loan notes at fair value through profit or loss.	convertible notes are to be accounted for as equity, a liability or a combination of both. • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard. • Considering the reasonableness of the inputs to the valuation. • Reviewing the measurement and accounting for convertible notes subsequently to initial recognition. • Reviewing the adequacy of the disclosures related to the initial and subsequent recognition of the convertible notes by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2017.

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

Responsibilities

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

BDO Audit Pty Ltd

C R Jenkins
Director

Brisbane, 29 September 2017

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 18 September 2017:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Holders	Number Shares Held
1 – 1,000	-	-
1,001 – 5,000	12	39,663
5,001 – 10,000	102	879,814
10,001 – 100,000	642	21,688,145
100,001 and over	33	110,725,711
	789	133,333,333

b. There are two (2) shareholdings held in less than marketable parcels.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number Ordinary	% of Issued Capital
CNI Pty Ltd	53,907,428	40.43
Advance Marketing Technologies Pty Ltd	18,802,491	14.10
Goninan Property Investments Pty Ltd	17,422,517	13.07
Salmon Earthmoving Services Pty Ltd/Pylmon Pty Ltd	6,964,820	5.22
	97,097,256	72.82

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Preference shares

– These shares have no voting rights.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. **20 Largest Shareholders – Ordinary Shares**

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	CNI Pty Ltd	53,907,428	40.431
2.	Advanced Marketing Technologies Pty Ltd	18,802,491	14.102
3.	Goninan Property Investments Pty Ltd	17,422,517	13.067
4.	Salmon Earthmoving Services Pty Ltd	5,571,856	4.179
5.	HSBC Custody Nominees (Australia) Limited	2,482,666	1.862
6.	David Thomas	2,206,262	1.655
7.	Pylmon Pty Ltd (GA & RR Salmon)	1,392,964	1.045
8.	UBS Nominees Pty Ltd	1,200,000	0.900
9.	HSBC Custody Nominees (Australia) Limited – A/C 2	1,166,667	0.875
10.	Peplon Nominees Pty Ltd	1,149,825	0.862
11.	National Nominees Limited	1,135,000	0.851
12.	BNP Paribas Noms Pty Ltd	900,000	0.675
13.	Lawnhill Superannuation Pty Ltd (Holmes Family)	581,601	0.436
14.	Berne NO 132 Nominees Pty Ltd	531,671	0.399
15.	Lawnhill Superannuation Pty Ltd (Rabscud P/L)	348,241	0.261
16.	SJMJ Super Pty Ltd	333,336	0.250
17.	Aust Executor Trustees Ltd <CYAN C3G Fund>	280,000	0.210
18.	Palazzo Nominees Pty Ltd	230,000	0.173
19.	Hampton Pty Ltd	205,002	0.154
20.	Kykuit Pty Ltd	200,000	0.150
		110,047,527	82.536

2. The names of the joint company secretaries are Kim Clark and Leslie Milne.

3. The address of the principal registered office in Australia is
183 Varsity Parade, Varsity Lakes QLD 4227

Telephone 07 5593 2581.

4. Registers of securities are held at the following addresses:

Queensland Suite 46, Level 5, 320 Adelaide Street
Brisbane QLD 4000.

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

Options over Unissued Shares:

A total of 6,505,000 options are on issue. 1,025,000 options are on issue to 8 holders of ordinary securities, who are employees under the RightCrowd Listed Public Limited employee option plan.