

**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

ANNUAL REPORT

RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Financial Report for the Year Ended 30 June 2018

**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 20 108 411 427

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018**

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Financial Report for the Year Ended 30 June 2018**

RightCrowd Limited

Chairman's Report

For the year ended 30 June 2018

Dear Shareholder

The Board of RightCrowd Limited (RCW) is pleased to provide the 2018 annual report. In this report we set out RCW's financial results for the year ended 30 June 2018, its financial position at that date and commentary on its activities and outlook.

The completion of the IPO in September 2017 was a key enabler for the Company to achieve market share in the anticipated growth in the market for physical security and compliance. Since the IPO, dedicated sales and marketing teams have been established, marketing collateral has been developed, the web site has been refreshed, and our software implementation and development teams have been increased.

Execution of our strategy has delivered both sales and insights. The details of significant sales have been outlined in our Quarterly market announcements. We have also previously mentioned that some larger opportunities have long sales cycles which makes forecasting the timing of significant sales difficult. Notwithstanding that market dynamic, RCW has achieved increased revenue from new and existing customers and currently has multiple late stage sales opportunities in relation to new projects

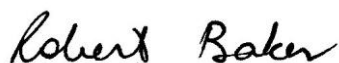
There is continuing confidence that the opportunity in the market for revenue growth is there. The Company achieved a 33.1% growth in software sales and software consulting revenue in FY 2018 and the management team expects growth to be at least this number in the FY 2019 year.

From a financial perspective, RCW increased its revenue from continuing operations from \$4,146,976 in FY 2017 to \$5,520,755 in FY2018. As outlined in the IPO Prospectus and previous announcements it also invested in building the capabilities to sell, market, develop and deliver its solutions. All monies spent on these activities were expensed as incurred. As a result, the net loss for the year increased from \$4,697,428 (FY 2017) to \$5,120,083 (FY 2018).

Cash at bank at 30 June 2018 was \$6,609,297. In addition, RCW expects to receive an R&D tax incentive rebate of at least \$1,750,000 in the next quarter.

Finally, I would like to thank our entire team and all of our clients and partners for their support in this transformative year for RCW. Our team, led by Peter Hill, have shown great expertise and commitment in the execution of the Company's strategies.

I look forward to speaking with you, our shareholders, at the Company's AGM.



Yours sincerely

Robert Baker

Non-executive Chairman

RightCrowd Limited

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Results for Announcement to the Market

Key Information	2018 \$	2017 \$	% Change
Total Revenue	9,381,950	5,997,148	56.44%
Loss from ordinary activities after tax attributable to members	(5,120,083)	(4,697,428)	(9.00%)

Statement of Retained Earnings Showing Movements

	2018 \$	2017 \$
Balance at the beginning of the year	(8,455,911)	(3,758,483)
Cash settlement of convertible note equity component	751,936	-
Net (loss) attributable to members of the parent entity	(5,120,083)	(4,697,428)
Balance at the end of the year	<u>(12,824,058)</u>	<u>(8,455,911)</u>

Dividends / Distributions

	Amount per security	Franked amount per security
Interim dividend	0.0c	0.0c
Final dividend	0.0c	0.0c

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

Refer to pages 15–56 of the 30 June 2018 financial report and accompanying notes for RightCrowd Limited.

Statement of Financial Position with Notes to the Statement

Refer to pages 16–56 of the 30 June 2018 financial report and accompanying notes for RightCrowd Limited.

Statement of Cash Flows with Notes to the Statement

Refer to pages 17–56 of the 30 June 2018 financial report and accompanying notes for RightCrowd Limited.

Control Gained or Lost over Entities in the Year

There was no change to the Group's ownership of entities during the year ended 30 June 2018 having acquired a 100% interest of Reporia Pty Ltd on 29 March 2017. Reporia Pty Ltd owns intellectual property (IP). The IP is being developed by wholly owned subsidiaries of RightCrowd Limited. Reporia Pty Ltd contributed NIL profit to the Group's consolidated profit from ordinary activities during the year ended 30 June 2018. (2017: NIL)

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Commentary on the Results for the Period

The Board are satisfied that the Company is making solid progress against the plans detailed in the IPO Prospectus (company shares commenced trading on the ASX on 18 September 2017) and at the Company's AGM in November 2017.

Over the 2018 financial year, the Company grew revenue for software and related services from \$4.147m (2017) to \$5.521m, a growth of 33.1%. This growth has come from new software deployments and strong growth from services revenue from both new and existing customers.

Total Other Income for the year included a one off Other Revenue item from settlement of the shadow equity share plan totalling \$1.823m.

The Company has continued with its, previously outlined, plan to invest in additional staff in order to commercialise the RightCrowd software solutions for the global market and this was the primary reason for the IPO. The outcome of this was an increase in the overall cost base and a loss for the year of \$5.120m. This result is at the level that was expected for the first year of the business cycle following the IPO.

During the year there has been a continued focus on developing the RightCrowd technologies and the Company has invested in excess of \$4m on R&D in Australia and this has allowed it to submit a claim for an R&D tax incentive which should result in a cash rebate of approximately \$1.75m. This activity will continue in the years to come as RightCrowd brings new innovative solutions to its market.

The IPO has removed all the convertible note debt from the Company's Statement of Financial Position as the holders were either repaid or converted to ordinary shareholders. The cash position at the end of the financial year was \$6.609m with trade receivables of \$1.116m and a receivable for an R&D tax credit cash rebate of \$1.75m. This would give the Company approximately \$9.4m of available cash to use in 2019 financial year to continue operating the business plan.

During the financial year the Company announced a number of closed sales contracts including a sales contract with an Australian Government owned entity across selected locations nationally and two contracts with banking and financial services industry customers. One of these was in Australia and the second was a US Bank with subscription and implementation revenue of around \$500k. The revenue for the latter contract will be earned in FY2019. In addition, the Company has signed and announced a contract to provide services to a large existing customer and the work will be carried out in the first quarter of FY 2019 and is valued at approximately \$650k.

The Board is of the opinion that these closed contracts are a good indicator of the sales momentum the Company has generated in the market. The Company continues to see significant interest from national and multi-national companies, including some in new market segments aiming to improve their physical security processes and achieve the productivity improvements offered by the RightCrowd solutions. Potential mid and large scale implementations are a complex buying decision for organisations, and the initial purchase decision and contract negotiation typically requires an extended timeframe to complete.

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CORPORATE GOVERNANCE STATEMENT

RightCrowd Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. RightCrowd Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The corporate governance statement is dated as at 30 June 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The corporate governance statement was approved by the board on 18 September 2018. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <https://www.rightcrowd.com/about-us/investor-relations/>.

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DIRECTORS' REPORT

General Information

Directors

Your directors present their report on the consolidated entity (referred to herein as the Group or RightCrowd) consisting of RightCrowd Limited and its controlled entities for the financial year ended 30 June 2018.

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.

Robert 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 (ASX: FLT) and has held that role since September 2013. He is also Chairman of Goodman Private Wealth Ltd and is an Advisory Board member for several not for profit organisations.

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. Chairman of the Audit and Risk Committee. 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, Scott has developed international relationships throughout Asia and Europe.

Scott 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.

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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.

Events after Reporting Period

The directors are not aware of any significant events since the end of the reporting period that impact on these financial statements.

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

During the financial year, RightCrowd Limited gained admission to the official list of the Australian Securities Exchange after an initial public offering (IPO) raising \$9,250,000.

There were no other 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.

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DIRECTORS' REPORT

Review of Operations

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.

Review of Operations

Commentary on the Results for the Period

The Board are satisfied that the Company is making solid progress against the plans detailed in the IPO Prospectus (company shares commenced trading on the ASX on 18 September 2017) and at the Company's AGM in November 2017.

Over the 2018 financial year, the Company grew revenue for software and related services from \$4,146,976 (2017) to \$5,520,755, a growth of 33.1%. This growth has come from new software deployments and strong growth from services revenue from both new and existing customers.

Total Revenue for the year included a one off Other Revenue item from settlement of the shadow equity share plan totalling \$1,823,049.

The Company has continued with its, previously outlined, plan to invest in additional staff in order to commercialise the RightCrowd software solutions for the global market and this was the primary reason for the IPO. The outcome of this was an increase in the overall cost base and a loss for the year of \$5,120,083. This result is at the level that was expected for the first year of the business cycle following the IPO.

During the year there has been a continued focus on developing the RightCrowd technologies and the Company has invested in excess of \$4,000,000 on R&D in Australia and this has allowed it to submit a claim for an R&D tax incentive which should result in a cash rebate of approximately \$1,750,000. This activity will continue in the years to come as RightCrowd brings new innovative solutions to its market.

The IPO has removed all the convertible note debt from the Company's Statement of Financial Position as the holders were either repaid or converted to ordinary shareholders. The cash position at the end of the financial year was \$6,609,297 with trade receivables of \$1,115,769 and a receivable for an R&D tax credit cash rebate of \$1,750,000. This would give the Company approximately \$9,400,000 of available cash to use in 2019 financial year to continue operating the business plan.

During the financial year the Company announced a number of closed sales contracts including a sales contract with an Australian Government owned entity across selected locations nationally and two contracts with banking and financial services industry customers. One of these was in Australia and the second was a US Bank with subscription and implementation revenue of around \$500,000. The revenue for the latter contract will be earned in FY2019. In addition, the Company has signed and announced a contract to provide services to a large existing customer and the work will be carried out in the first quarter of FY 2019 and is valued at approximately \$650,000.

The Board is of the opinion that these closed contracts are a good indicator of the sales momentum the Company has generated in the market. The Company continues to see significant interest from national and multi-national companies, including some in new market segments aiming to improve their physical security processes and achieve the productivity improvements offered by the RightCrowd solutions. Potential mid and large scale implementations are a complex buying decision for organisations, and the initial purchase decision and contract negotiation typically requires an extended timeframe to complete.

Revenue Pipeline Outlook

In relation to the financial year ending 30 June 2019, the Company will earn approximately \$2,100,000 (FY 2018 \$2,030,000) 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. In addition to these recurring software-related revenue streams, pending work for professional services with new and existing clients, and identified the key opportunities provide confidence it should achieve revenue growth percentage achieved in FY 2018.

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DIRECTORS' REPORT

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. There is however, no guarantee what proportion of this pipeline will result in actual revenue, or the timing of receipt of revenue. During the FY 2019 financial period, the Company will focus on activities with the aim of increasing sales, investing in development of marketing collateral to support direct selling and sales through it's reseller channel partners, as well as continued R&D on existing and new products.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 14 of the financial report.

Meetings of Directors

Directors attendance at Board and Committee meetings is summarised below:

BOARD AND COMMITTEE

ATTENDANCE

[for the period 1 July 2017 to 30 June 2018]

Director/Alternate Director	Date Appointed	Date Ceased	Board Meetings		Audit Committee Meetings	
			Attended	Held	Attended	Held
Peter Leslie Hill	18/03/2004	Current	11	11	4	4
Alfred Scott Goninan	6/08/2017	Current	11	11	4	4
Robert Anthony Baker	6/08/2017	Current	11	11	4	4

Indemnification and Insurance for Directors and Officers

During the year the Company paid insurance 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
13/09/2017	12/12/2018	\$0.38	2,096,695
13/09/2017	12/12/2019	\$0.43	2,096,661
13/09/2017	12/12/2020	\$0.43	2,096,644
30/05/2018	28/08/2019	\$0.60	106,668
30/05/2018	27/08/2020	\$0.68	106,666
30/05/2018	28/08/2021	\$0.68	106,666
			6,610,000

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.

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DIRECTORS' 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

No non-audit services were provided by BDO Audit Pty Ltd to the company during the year.

Environmental Issues

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

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**DIRECTORS' REPORT
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. The Remuneration Policy changed during the transition from a private to public company and was previously managed by the sole Director and since listing has been managed by the Board.

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:

All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and specified cash bonus if included in their agreed salary package and may, in future years, receive, additional fringe benefits, cash bonuses, 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 Board 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. 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 Board 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.

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

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 Board 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 the Board will base the assessment on audited figures where appropriate; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, or involves a non-financial measure, 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 were 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 5 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	2018
	\$	\$	\$	\$	\$
Revenue and other income	4,637,930	6,939,322	8,802,468	5,997,948	9,381,950
Net (loss)	(554,349)	(395,165)	(1,181,662)	(4,697,428)	(5,120,083)
Loss Per Share	(0.44)	(0.32)	(0.95)	(0.22)	(0.04)
Share Price at 30 June	N/A	N/A	N/A	N/A	0.40

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

Despite the 33.1% increase in software and consulting revenue, the Board acknowledges that the Company is only part way through its plan to commercialise the RightCrowd software portfolio. For that reason, no bonus or incentive rewards were awarded to the Managing Director in the current or previous financial year.

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, 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 2018 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	14 years	0	0	100
Leslie Milne	CFO / Joint Company Secretary	18 months	8	0	92
Robert Baker	Non-Executive Chairman	11 months	0	0	100
Scott Goninan	Non-Executive Director	11 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. Robert Baker and Scott Goninan were appointed as Directors on 6 August 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.
- Directors are appointed to act between AGMs of the company as per the Constitution.

Employment Contracts

CEO / Managing Director: The company has entered into an employment contract with Mr Peter Hill. The key terms of the contract are:

- Remuneration is outlined in the contract of employment at \$250,000 per annum including superannuation with further opportunity for bonus incentives based on performance;
- 4 weeks annual leave per annum

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

Chief Financial Officer: The company has entered into an employment contract with Mr Leslie Milne. The key terms of the contract are:

- Salary of \$200,000 per annum (increased 1 January 2018, (previously \$180,000) plus statutory superannuation contributions;

4 weeks annual leave per annum

- Previously agreed Performance bonus based on personal performance over the first 6 months of \$10,000 payable in June 2017 was paid during FY 2018
- Previously agreed Bonus of \$10,000 should RightCrowd raise greater than \$5,000,000 in new capital was paid during FY 2018

Non-Executive Chairman:

The company has entered into a Directors Agreement with Robert Baker. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary plus statutory superannuation contributions.

Non-Executive Director:

The company has entered into a Directors Agreement with Scott Goninan. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary plus statutory superannuation contributions.

Changes in Directors and Executives Subsequent to Year-end

None.

Remuneration Expense Details for the Year Ended 30 June 2018

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.

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

Table of Benefits and Payments for the Year Ended 30 June 2018 and 30 June 2017

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total
		Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Pension and Superannuation	Other	Incentive Plans	LSL	Shares/Units	Options/Rights			
Group KMP														
Peter Hill	2018	234,593	Nil	Nil	1,354	20,115	Nil	Nil	17,808	Nil	Nil	Nil	Nil	273,870
Peter Hill	2017	169,968	Nil	11,987	Nil	14,250	Nil	Nil	2,501	Nil	Nil	Nil	Nil	198,706
Robert Baker²	2018	47,307	Nil	Nil	Nil	4,494	Nil	Nil	Nil	Nil	Nil	Nil	Nil	51,801
Robert Baker	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Scott Goninan³	2018	32,402	Nil	Nil	Nil	3,078	Nil	Nil	Nil	Nil	Nil	Nil	Nil	35,480
Scott Goninan	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Leslie Milne¹	2018	199,965	20,000	Nil	432	18,050	Nil	Nil	Nil	Nil	7,063	Nil	Nil	245,510
Leslie Milne	2017	95,886	Nil	Nil	395	8,484	Nil	Nil	Nil	Nil	Nil	Nil	Nil	104,765
Total KMP														
	2018	514,267	20,000	Nil	1,786	45,737	Nil	Nil	17,808	Nil	7,063	Nil	Nil	606,661
	2017	265,854	Nil	11,987	395	22,734	Nil	Nil	2,501	Nil	Nil	Nil	Nil	303,471

- ¹ Leslie Milne Appointed 3 January 2017
- ² Robert Baker Appointed 6 August 2017
- ³ Scott Goninan Appointed 6 August 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 financial year ended 30 June 2018 the company granted cash bonuses or share-based payments to members of KMP as follows. The Board will continue to review these forms of remuneration in the current year.

Leslie Milne, the CFO, was paid a bonus of \$20,000 on the basis of achieving performance objectives set out in his contract of employment in relation to year ended 30 June 2017. The bonus was deferred from the 2017 financial year as the criteria were principally agreed on the basis that an IPO would happen in that year. The IPO was delayed until the 2018 financial year so the bonus criteria were carried forward. The company did not set up any additional performance bonus in relation to the current financial year.

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

The Company has also implemented an Employee Share Option Plan (ESOP) as a long-term incentive plan for all employees of the company and option grants were made at 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. The only conditions in relation to exercise for each employee is a continuing employment status at the time of vesting. The Scheme is a Premium Priced Option scheme with an exercise price at year 1 (12 September 2018) of \$0.38 and years 2 and 3 of \$0.43. Options under the scheme were granted in 3 equal tranches at the price of \$0.30 per option. The market values of the 3 tranches of options were the following; - 1 \$0.05, 2 \$0.07, 3 \$0.09. Vesting dates of the tranches are 12/9/18, 12/9/19 and 12/9/20. Under this Plan the following KMPs were granted options during the financial year.

KMP	Options Granted	Vested and exercisable
Leslie Milne	250,000	83,334 (1/3 rd of total)*

*The options which have vested and are currently exercisable did so on the 13 September 2018.

A second grant of Options was approved and granted on 30th May 2018 but no KMP was granted any Options at this time.

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 ⁽ⁱⁱ⁾	60,000,000	-	-	(6,092,572)	53,907,428
Leslie Milne ⁽ⁱ⁾	-	-	-	66,666	66,666
Robert Baker ⁽ⁱ⁾	-	-	-	100,000	100,000
Scott Goninan ⁽ⁱⁱⁱ⁾	-	-	-	17,422,517	17,422,517
	60,000,000	-	-	11,496,611	71,496,611

Note 1: On the IPO Offer completion the following transactions had an impact on the ordinary share holding of KMPs during this financial year.

a. 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. Of these, entities related to, Scott Goninan received 17,422,517 shares.

b. Peter Hill's shareholding was reduced by an IPO consolidation adjustment of 3,592,572 shares and the IPO Prospectus provided for a sale of 2,500,000 Ordinary Shares at a sale price of \$0.30 each in the IPO.

c. Leslie Milne has an indirect interest of 50% of his shareholding through his spouse.

(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.

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**DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)**

KMP Options

The number of options in Rightcrowd Limited held by each KMP of the group during the financial year as follows:

	Balance of Beginning of Year	Granted as remuneration	Exercised	Lapsed/Other	Balance at end of year
Peter Hill	-	-	-	-	-
Leslie Milne	-	250,000	-	-	250,000
Robert Baker	-	-	-	-	-
Scott Goninan					
	-	250,000	-	-	250,000

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

There have been no loans to or from KMP's during the financial year.

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 and an additional \$24,302 of interest accrued in the 2018 financial year prior to conversion. The convertible notes and accrued interest were converted to Ordinary Shares at the time of the IPO in September 2017.

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: 28 September 2018

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AUDITOR'S INDEPENDENCE DECLARATION



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GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of RightCrowd Limited for the year ended 30 June 2018, 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.

A handwritten signature in black ink, appearing to read 'C R Jenkins', is written over a horizontal line.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 28 September 2018

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Consolidated Group	
		2018	2017
		\$	\$
Revenue	3	5,520,755	4,146,976
Other income	3	3,861,195	1,850,172
Employee benefits expense	4	(10,382,182)	(7,949,007)
Depreciation and amortisation expense	4	(646,462)	(208,504)
Finance costs	4	(360,544)	(542,429)
Other expenses		(3,065,767)	(1,994,636)
Profit/(loss) before income tax		(5,073,005)	(4,697,428)
Income Tax Expense	5	(47,078)	-
Net (loss) from continuing operations		(5,120,083)	(4,697,428)
Net (loss) for the year		(5,120,083)	(4,697,428)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax	25	24,241	6,115
Total other comprehensive income for the year		24,241	6,115
Total comprehensive loss for the year		(5,095,842)	(4,691,313)
 Earnings per share for loss from continuing and discontinuing operations attributable to ordinary equity holders of the company			
Basic loss per share	8	(0.04)	(0.22)
Diluted loss per share	8	(0.04)	(0.22)

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

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Financial Report for the Year Ended 30 June 2018**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	6,609,297	5,177,761
Trade and other receivables	10	2,865,769	2,835,700
Other assets	14	312,729	23,062
TOTAL CURRENT ASSETS		9,787,795	8,036,523
NON-CURRENT ASSETS			
Property, plant and equipment	12	218,993	134,218
Intangible assets	13	-	585,773
TOTAL NON-CURRENT ASSETS		218,993	719,991
TOTAL ASSETS		10,006,788	8,756,514
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	462,994	544,631
Borrowings	16	90,956	20,871
Other liabilities	17	1,507,255	2,820,720
Tax liabilities	17	4,944	-
Provisions	18	891,592	648,780
TOTAL CURRENT LIABILITIES		2,957,741	4,035,002
NON-CURRENT LIABILITIES			
Borrowings	16	-	8,908,552
Provisions	18	158,579	124,530
TOTAL NON-CURRENT LIABILITIES		158,579	9,033,082
TOTAL LIABILITIES		3,116,320	13,068,084
NET ASSETS/(LIABILITIES)		6,890,468	(4,311,570)
EQUITY			
Issued capital	19	19,468,728	3,349,925
Reserves		245,798	794,416
Accumulated Losses		(12,824,058)	(8,455,911)
TOTAL EQUITY		6,890,468	(4,311,570)

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

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payment Reserve	Convertible Note Reserve	Total
	\$	\$	\$	\$		\$
Consolidated Group						
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	25	-	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)
Balance at 1 July 2017						
Balance at 1 July 2017	3,349,925	(8,455,911)	42,480	-	751,936	(4,311,570)
Comprehensive income						
(Loss) for the year	-	(5,120,083)	-	-	-	(5,120,083)
Other comprehensive income for the year	25	-	24,241	-	-	24,241
Total comprehensive income for the year	-	(5,120,083)	24,241	-	-	(5,095,842)
Transactions with owners, in their capacity as owners, and other transfers						
Transfer of convertible note reserve to retained earnings upon settlement in cash	-	751,936	-	-	(751,936)	-
Share options expensed during the year	-	-	-	179,077	-	179,077
Shares issued during the year	19a	9,250,000	-	-	-	9,250,000
Shares converted during the year	19a	7,525,146	-	-	-	7,525,146
Transaction costs	19a	(656,343)	-	-	-	(656,343)
Total transactions with owners and other transfers	16,118,803	751,936	66,721	179,077	(751,936)	16,297,880
Balance at 30 June 2018	19,468,728	(12,824,058)	66,721	179,077	-	6,890,468

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

**RightCrowd Limited ABN 20 108 411 427
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,466,694	4,450,175
Payments to suppliers and employees		(13,243,488)	(9,599,056)
Interest received		76,950	38,990
Finance costs		(33,072)	(389,269)
Grant income received		1,647,084	792,920
Net cash provided by operating activities	21	<u>(5,085,832)</u>	<u>(4,706,240)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		20,546	-
Purchase of property, plant and equipment		(219,536)	(17,082)
Net cash used in investing activities		<u>(198,990)</u>	<u>(17,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,250,000	-
Transaction costs		(656,344)	-
Proceeds from borrowings		346,958	7,341,231
Repayment of borrowings		(2,276,872)	-
Net cash provided by/(used in) financing activities		<u>6,663,742</u>	<u>7,341,231</u>
Net increase in cash held		1,378,920	2,617,909
Net foreign exchange differences		52,616	6,114
Cash and cash equivalents at beginning of financial year		5,177,761	2,553,738
Cash and cash equivalents at end of financial year	9	<u><u>6,609,297</u></u>	<u><u>5,177,761</u></u>

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

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018 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 and Interpretations 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.

Going Concern

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 Group incurred a net loss for the financial year ended 30 June 2018 of \$5,120,083 (2017: \$4,697,428) and net cash operating outflows of \$5,085,832 (2017: \$4,706,240). As at 30 June 2018, the consolidated group's total assets exceeded total liabilities by \$6,890,468, and its current assets of \$9,787,795 (2017: \$8,036,523) exceeded its current liabilities of \$2,957,741 (2017: \$4,035,002) by \$6,830,054 (2017: \$4,001,521).

As such the Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful continued development and further commercialisation of the RightCrowd solution and, should the Board consider it necessary, subsequent successful raisings of funds.

The Group has forecast its future cash flows requirements to 30 September 2019, which can currently be met by current level of cash reserves and expected cash inflows from sales and R&D claim. As such the directors are of the opinion that the use of the going concern assumption is appropriate.

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.

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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.

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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	2 - 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.

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.

**RightCrowd Limited ABN 20 108 411 427
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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(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).

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Class of Intangible Asset	Amortisation Rate
Software	20 - 40%
Intellectual property in use	10%

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.

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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 corporate 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.

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.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 1f 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. Equity-settled Share based Payment Transactions

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equity-settled share based compensation by way of issue of options are provided to employees in exchange for services rendered.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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.

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) *Share based payment transactions*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

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.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The Company has assessed the financial implications off AASB 9 on the financial statements and considers there to be no material impact for the following reasons. The Company's customers are in the main large and highly credit-worthy organisations and it has not had experience of non-payment of invoicing. The Company does not currently carry out financial hedging other than to apply receivables in the United States to its local cost base. The Directors will continue to review the implications of the Standard in future accounting periods.

- 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.

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.

The Company has undertaken a review of its ongoing contracts during the 2018 financial year to consider any implications of the adoption of AASB 15 in future years. From this review the company has determined that there will be no material impact to the financial performance or position on initial adoption, other than the changes required to disclosures of accounting policies.

- 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:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: PARENT INFORMATION

	2018	2017
	\$	\$
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	2,243,456	700,322
Non-current assets	4,647,112	4,183,082
TOTAL ASSETS	6,890,568	4,883,404
LIABILITIES		
Current liabilities	100	286,422
Non-current liabilities	-	8,908,552
TOTAL LIABILITIES	100	9,194,974
EQUITY		
Issued capital	19,468,728	3,349,925
Accumulated losses	(12,757,337)	(8,413,431)
Reserves	179,077	751,936
TOTAL EQUITY	6,890,468	(4,311,570)
Statement of Profit or Loss and Other Comprehensive Income		
Total (loss)	(4,343,906)	(5,263,164)
Total comprehensive (loss)	(4,343,906)	(5,263,164)

- a) The parent entity has no contingent liabilities (2017: nil).
- b) The parent entity has no operating lease commitments.
- c) The parent entity has not entered into any guarantees.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group	
		2018 \$	2017 \$
a. Revenue from continuing operations			
Sales revenue:			
– software revenue		2,139,511	1,893,507
– provision of services		3,381,244	2,253,469
		5,520,755	4,146,976
Other revenue:			
– interest received		76,950	38,990
– export market development grant		-	8,356
– CA Project revenue		-	79,838
– travel & accommodation recharge		22,335	27,520
– employee contributions		16,295	30,725
– foreign currency exchange		171,679	17,659
– profit on sale of assets		887	-
– Fair value gain on partial settlement of shadow equity plan		1,823,049	-
– R&D Refund		1,750,000	1,647,084
		3,861,195	1,850,172
Total revenue		9,381,950	5,997,148

NOTE 4: LOSS BEFORE INCOME TAX

	Note	Consolidated Group	
		2018 \$	2017 \$
Loss before income tax from continuing operations includes the following specific expenses:			
a. Expenses			
Employee benefits expense:			
– salaries and wages		8,864,333	7,141,092
– defined contribution superannuation expense		553,312	437,217
– WorkCover		7,125	12,419
– other employment expenses		49,250	21,917
– employee share options expense		179,077	-
– bonus payments		144,629	214,943
– taxes		307,595	-
– Increase in provisions		276,861	121,419
		10,382,182	7,949,007

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4: LOSS BEFORE INCOME TAX (CONTINUED)

	Note	Consolidated Group	
		2018 \$	2017 \$
Depreciation and amortisation expense			
– depreciation expense		61,460	192,581
– amortisation expense		585,002	15,923
		646,462	208,504
Finance costs		360,544	542,429
Lease expenses		264,223	142,915

NOTE 5: TAX EXPENSE/(INCOME)

	Note	Consolidated Group	
		2018 \$	2017 \$
a. Income tax expense			
The components of tax expense/(income) comprise:			
Current tax		47,078	-
Deferred tax		-	-
		47,078	-
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 income tax		(5,073,005)	(4,697,428)
Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2017: 30%)		(1,395,076)	(1,409,228)
Tax effect of:			
– non-allowable (assessable) items		(397,220)	59,678
– net Impact of R&D Refund		625,072	641,796
– tax payable by subsidiaries		47,078	-
Deferred tax assets not recognised as recoverability criteria not met		1,167,225	707,754
Income tax expense		47,078	-
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		5,029,644	1,753,514

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018.

The remuneration for FY2018 includes the CFO for the full financial year and also the Board members from August 2017.

During the year ended 30 June 2018 the company considers that the Group's KMP for the purpose of this note are the CEO and CFO. The Board will consider extending this group of personnel during the 2019 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:

	2018	2017
	\$	\$
Short-term employee benefits	536,053	278,236
Post-employment benefits	45,737	22,734
Other long-term benefits	17,808	2,501
Share-based payments	7,063	-
Total KMP compensation	606,661	303,471

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 Audited Remuneration Report that forms part of the Directors' Report.

NOTE 7: AUDITOR'S REMUNERATION

	Consolidated Group	
	2018	2017
	\$	\$
Remuneration of the auditor (BDO Audit Pty Ltd) for:		
– auditing or reviewing the financial statements	61,500	48,500
– IPO assurance services	-	89,090
	61,500	137,590

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 8: LOSS PER SHARE

	Consolidated Group	
	2018	2017
	\$	\$
a. Reconciliation of earnings to profit or loss:		
Profit/(Loss)	(5,120,083)	(4,697,428)
Earnings used to calculate basic loss per share	<u>(5,120,083)</u>	<u>(4,697,428)</u>
Earnings used in the calculation of dilutive loss per share	<u>(5,120,083)</u>	<u>(4,697,428)</u>
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	119,131,575	21,600,885

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2018 and 2017. These options could potentially dilute basic earnings per share in the future.

NOTE 9: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2018	2017
		\$	\$
Cash at bank and on hand		6,609,297	5,177,761
Short-term bank deposits		-	-
		<u>6,609,297</u>	<u>5,177,761</u>

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	6,609,297	5,177,761
	<u>6,609,297</u>	<u>5,177,761</u>

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2018	2017
		\$	\$
CURRENT			
Trade receivables		1,115,769	1,188,616
		<u>1,115,769</u>	<u>1,188,616</u>
R & D RefundableTax Offset receivable		1,750,000	1,647,084
		<u>1,750,000</u>	<u>1,647,084</u>
Total current trade and other receivables		<u>2,865,769</u>	<u>2,835,700</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. 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)				Within Initial Trade Terms \$
			< 30 \$	31–60 \$	61–90 \$	> 90 \$	
2018							
Trade and term receivables	1,115,769	-	38,303	3,897	73,016	199,746	800,807
Other receivables	1,750,000	-	-	-	-	-	1,750,000
Total	2,865,769	-	38,303	3,897	73,016	199,746	2,550,807
2017							
Trade and term receivables	1,188,616	-	340,049	16,384	112,234	194,928	525,021
Other receivables	1,647,084	-	-	-	-	-	1,647,084
Total	2,835,700	-	340,049	16,384	112,234	194,928	2,172,105

NOTE 11: INTERESTS IN ENTITIES

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/country of incorporation	Ownership Interest Held by the Group		Proportion of Non- controlling Interests	
		2018	2017	2018	2017
		%	%	%	%
<i>Subsidiary of RightCrowd Limited</i>					
RightCrowd Software Pty Ltd	Australia	100%	100%	0%	0%
<i>Subsidiary of Rightcrowd Software Pty Ltd</i>					
RightCrowd Inc.	USA	100%	100%	0%	0%
RightCrowd Inc.	Philippines	100%	100%	0%	0%

b. Information about interest’s in other entities

Reporia Pty Ltd	Australia	100%	100%	0%	0%
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NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2018	2017
	\$	\$
Land and Buildings		
Plant and Equipment		
Plant and equipment:		
At cost	343,576	641,271
Accumulated depreciation	(124,583)	(509,046)
	218,993	132,225
Leasehold improvements:		
At cost	2,558	155,188
Accumulated amortisation	(2,558)	(153,195)
	-	1,993
Total plant and equipment	218,993	134,218
Total property, plant and equipment	218,993	134,218

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 2016	134,588	175,128	309,716
Additions	2,601	14,481	17,082
Depreciation expense	(135,196)	(57,384)	(192,580)
Balance at 30 June 2017	1,993	132,225	134,218
Additions	-	219,536	219,536
Disposals	-	(73,301)	(73,301)
Depreciation expense	(1,993)	(59,467)	(61,460)
Balance at 30 June 2018	-	218,993	218,993

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NOTE 13: INTANGIBLE ASSETS

	Consolidated Group	
	2018	2017
	\$	\$
Software and website development costs:		
Cost	-	31,742
Accumulated amortisation and impairment losses	-	(30,894)
Net carrying amount	-	848
Intellectual property in use:		
Cost	599,925	599,925
Accumulated amortisation and impairment losses	(599,925)	(15,000)
Net carrying amount	-	584,925
Total intangible assets	-	585,773

It was determined during the year to re-evaluate the estimated useful life of the intangible asset of Reporia Pty Ltd. As a result, the asset was amortised in full over the 12 month period to 30 June 2018.

	Software	Intellectual Property	Total
	\$	\$	\$
Consolidated Group:			
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)	(15,923)
Closing value at 30 June 2017	848	584,925	585,773
Year ended 30 June 2018			
Balance at the beginning of the year	848	584,925	585,773
Additions	-	-	-
Disposals	(771)	-	(771)
Amortisation charge	(77)	(584,925)	(585,002)
Closing value at 30 June 2018	-	-	-

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.

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NOTE 14: OTHER ASSETS

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Deposits Held	71,542	-
Prepayments	241,187	23,062
	312,729	23,062
	312,729	23,062

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	156,671	99,865
Payroll payables	223,973	158,244
Accrued expenses	82,250	286,422
Sundry payables	100	100
	462,994	544,631
	462,994	544,631

NOTE 16: BORROWINGS

	Note	Consolidated Group	
		2018	2017
		\$	\$
CURRENT			
Unsecured liabilities:			
Insurance premium funding	16a	90,956	-
Secured liabilities:			
Finance lease liability		-	20,871
		-	20,871
Total current borrowings		90,956	20,871
NON-CURRENT			
Unsecured liabilities:			
Fixed convertible notes at amortised cost	16b	-	1,708,552
Variable convertible notes at fair value	16c	-	7,200,000
		-	8,908,552
Total non-current borrowings		-	8,908,552
Total borrowings		90,956	8,929,423

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NOTE 16: BORROWINGS (CONTINUED)

a.	Insurance Premium Funding:		
	Opening balance	-	-
	Proceeds	346,958	-
	Less repayments	(256,002)	-
	Gross convertible note	90,956	-
b.	Fixed convertible notes:		
	Opening balance	1,708,552	1,555,392
	Proceeds	-	-
		1,708,552	1,555,392
	Unwinding of the discount	291,448	153,160
	Cash settlement	(2,000,000)	-
	Gross convertible note	-	1,708,552

On 15 September 2017 the fixed convertible notes were settled by way of repayment in cash of \$2,000,000.

Consolidated Group

2018	2017
\$	\$

c.	Variable convertible notes:		
	Opening balance	-	-
	Proceeds	7,200,000	7,200,000
	Conversion to ordinary shares	(7,200,000)	-
	Convertible note held at fair value	-	7,200,000

Upon completion of the Offer these convertible notes were converted into 25,083,819 ordinary shares on 14 September 2017. This conversion included \$7,200,000 convertible notes at face value plus \$352,146 interest which has been accrued and capitalised in payables over the term of the convertible note up to the date of conversion.

NOTE 17: OTHER LIABILITIES

Consolidated Group

2018	2017
\$	\$

CURRENT			
	Deferred revenue	1,474,590	825,720
	Cash settled share based payment at fair value (shadow equity plan)	32,665	1,995,000
		1,507,255	2,820,720
	Tax liabilities	4,944	-

The majority of cash settled share-based payments have been settled during the year with a gain on fair value of \$1,823,049 recorded as income. The income related to the fair value determination on settlement of cash settled share-based payments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: PROVISIONS

	Consolidated Group	
	2018	2017
	\$	\$
Employee benefits		
Current	891,592	648,780
Non-current	158,579	124,530
	1,050,171	773,310

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

a. Ordinary Shares	Consolidated Group	
	No.	\$
Balance at 1 July 2016	1,250,000	750,000
<i>Share movements during the 2017 financial year:</i>		
– Share split (47 to 1) 27 February 2017	58,750,000	-
– Share issue 5 April 2017	2,346,778	599,925
Balance at 30 June 2017	62,346,778	1,349,925
<i>Share movements during the 2018 financial year:</i>		
– Preference shares converted to ordinary shares 31 August 2017	20,000,016	2,000,000
– Share consolidation 31 August 2017	(4,930,613)	-
– Convertible note conversion 14 September 2017	25,083,819	7,525,146
– Share issue 14 September 2017	30,833,333	9,250,000
– Share issue costs	-	(656,344)
Balance at 30 June 2018	133,333,333	19,468,728

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 19: ISSUED CAPITAL (CONTINUED)

On 31 August 2017, 20,000,016 preference shares were converted to ordinary shares on a 1:1 basis. The shares are eligible for dividends paid after 31 August 2017.

On 31 August 2017, a share consolidation of 4,930,613 occurred prior to the IPO. For every 1 ordinary share held shareholders were issued with 0.9401 ordinary shares after consolidation.

On 14 September 2017 convertible notes with a face value of \$7,200,000 were converted to 25,083,819 ordinary shares. The shares are eligible for dividends paid after 14 September 2017.

On 14 September 2017 the group issued 30,833,333 ordinary shares at \$0.30 each under a prospectus offer dated 11 August 2017. The shares are eligible for dividends paid after 14 September 2017. Share issue costs which have been deemed to relate to the raising of capital are \$656,344 and have been capitalised accordingly against share capital.

b. Preference Shares	Consolidated Group	
	No.	\$
Balance at 1 July 2016	416,667	2,000,000
<i>Shares movements during the 2017 financial year:</i>		
– Share split (47 to 1) 27 February 2017	19,583,349	-
Balance at 30 June 2017	20,000,016	2,000,000
<i>Shares movements during the 2018 financial year:</i>		
– Preference shares converted to ordinary 31 August 2017	(20,000,016)	(2,000,000)
Balance at 30 June 2018	-	-

On 31 August 2017, 20,000,016 preference shares were converted to ordinary shares on a 1:1 basis.

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 2018 and 30 June 2017 are as follows:

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NOTE 19: ISSUED CAPITAL (CONTINUED)

	Note	Consolidated Group	
		2018	2017
		\$	\$
Total borrowings	16	90,956	8,929,423
Less cash and cash equivalents	9	(6,609,297)	(5,177,761)
Net debt / (funds)		<u>(6,518,341)</u>	<u>3,751,662</u>
Total equity		<u>6,890,468</u>	<u>(4,311,570)</u>

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 2018 (30 June 2017: none).

NOTE 21: CASH FLOW INFORMATION

	Consolidated Group	
	2018	2017
	\$	\$
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(5,120,083)	(4,697,428)
Non-cash flows in profit:		
– Amortisation	585,002	15,923
– depreciation	61,460	192,581
– Fair value gain on partial settlement of shadow equity plan	(1,823,049)	-
– share based payments	179,077	-
– loss on disposal of fixed assets	887	-
– Unrealised foreign exchange loss/(gain)	(171,679)	206,353
– convertible note amortisation	38,724	153,160
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– increase in trade and term receivables	319,736	(846,305)
– Increase other financial liabilities	648,870	(222,062)
– increase/(decrease) in trade payables and accruals	(81,637)	370,119
– Increase in employee provisions	276,860	121,419
Cash flows from operating activities	<u>(5,085,832)</u>	<u>(4,706,240)</u>

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NOTE 21: CASH FLOW INFORMATION (CONTINUED)

		Consolidated Group	
		2018	2017
		\$	\$
b.	Non-cash Financing and Investing Activities		
(i)	Acquisition of intangible assets from Reporia Pty Ltd		
	2,346,778 ordinary shares issued	-	599,925
(ii)	Conversion of convertible notes		
	25,083,819 ordinary shares issued (inclusive of capitalised interest)	7,525,146	-
c.	Reconciliation of movement in liabilities to cash flows arising from financing activities		

	Non-Cash				
	30 June 2017	Financing Cash Flows	Unwinding of CN Discount	Conversion of CN to Ordinary Shares	30 June 2018
	\$	\$	\$	\$	\$
Borrowings – Current	20,871	70,085	-	-	90,956
Borrowings – Non-Current	8,908,552	(2,000,000)	291,448	(7,200,000)	-
Total liabilities from financing activities	8,929,423	(1,929,915)	291,448	(7,200,000)	90,956

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting 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.

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Note 23: Related Party Transactions (CONTINUED)

(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.

Two of the Directors' shareholdings are owned by companies

Peter Hill's shares held indirectly through CNI Pty Ltd ACN 131 410 556.

Scott Goninan's shares are held indirectly through Goninan Property Investments Pty Ltd ACN 151 022 052 ATF The Goninan Wealth Trust.

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NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

b. Transactions with related parties

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

The following transactions occurred with related parties:

	Consolidated Group	
	2018	2017
	\$	\$
(i) <i>Key management personnel:</i>		
Short-term employment benefits	536,053	278,236
Post-employment benefits	45,737	22,734
Other long-term benefits	17,808	-
Share-based payments	7,063	2,501
	606,661	303,471
c. Amounts outstanding from related parties		
(i) <i>Loans to other related parties:</i>		
Beginning of the period	-	24,895
Loan repayment received	-	(24,895)
End of the period	-	-
d. Amounts payable to related parties		
(i) <i>Loans from key management personnel:</i>		
Beginning of the period	-	18,086
Loan repaid	-	(18,086)
End of the period	-	-
e. Convertible notes issued to related parties		
(i) <i>Convertible notes issued to directors</i>		
Beginning of the period	5,000,000	-
Convertible notes issued	-	5,000,000
Notes converted to ordinary shares	(5,000,000)	-
End of the period	-	5,000,000
Interest expense capitalised to payables		
Opening balance of interest expense capitalised	198,904	-
Interest expense capitalised as interest payable	27,851	198,904
Interest expense capitalised converted to ordinary shares	(226,755)	-
End of the period	-	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, with a further \$24,302 accrued to in FY 2018, where the face value and the interest component to date was converted into 17,422,517 ordinary shares at a value of \$5,226,755.

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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	
		2018 \$	2017 \$
Financial assets			
Cash and cash equivalents	9	6,609,297	5,177,761
Trade and other receivables	10	2,865,769	2,835,700
Total financial assets		9,475,066	8,013,461
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	462,994	544,631
– borrowings	16	90,956	8,929,423
– other liabilities	17	32,665	1,995,000
Total financial liabilities		586,615	11,469,054

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 Executives monitor 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.

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NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
		2018	2017
		\$	\$
Cash and cash equivalents:			
– AA rated		5,626,932	4,801,764
– A rated		982,365	375,997
	9	6,609,297	5,177,761

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.

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NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities at 30 June 2018. 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	462,994	544,631	-	-	-	-	462,994	544,631
Borrowings	90,956	20,871	-	-	-	-	90,956	20,871
Convertible Notes	-	-	-	8,908,552	-	-	-	8,908,552
Other liabilities	32,665	1,995,000	-	-	-	-	32,665	1,995,000
Total expected outflows	586,615	2,560,502	-	8,908,552	-	-	586,615	11,469,054

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets – cash flows realisable								
Cash and cash equivalents	6,609,297	5,177,761	-	-	-	-	6,609,297	5,177,761
Trade, term and loan receivables	2,865,769	2,835,700	-	-	-	-	2,865,769	2,835,700
Total anticipated inflows	9,475,066	8,013,461	-	-	-	-	9,475,066	8,013,461
Net (outflow)/inflow on financial instruments	8,888,451	5,452,959	-	(8,908,552)	-	-	8,888,451	(3,455,593)

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Financial Report for the Year Ended 30 June 2018**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 had fixed interest rates on 30 June 2018 or 2017.

(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

2018

Consolidated Group	USD	AUD	PHP	Other	Total AUD
Functional currency of entity:					
Australian dollar	3,331,407	5,509,617	-	197,241	9,038,265
US dollar	(151,960)	-	-	-	(151,960)
Philippines peso	-	-	2,146	-	2,146
Statement of financial position exposure	3,179,447	5,509,617	2,146	197,241	8,888,451

2017

Consolidated Group	USD	AUD	PHP	Other	Total AUD
Functional currency of entity:					
Australian dollar	4,473,704	(8,581,125)	-	287,986	(3,819,435)
US dollar	323,962	-	-	-	323,962
Philippines peso	-	-	39,880	-	39,880
Statement of financial position exposure	4,797,666	(8,581,125)	39,880	287,986	(3,455,593)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

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: 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	
		2018	2017
		\$	\$
Movements in Reserve			
Balance at beginning of year		42,480	36,365
Exchange differences on translation of foreign operations		24,241	6,115
Balance at end of year		66,721	42,480

b. **Share Based Payment Reserve**

The share based payment reserve is used to recognise the value of equity settled share based payments.

	Note	Consolidated Group	
		2018	2017
		\$	\$
Movements in Reserve			
Balance at beginning of year		-	-
Share based payments		179,077	-
Balance at end of year		179,077	-

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NOTE 25: RESERVES (CONTINUED)

c. Convertible Note Reserve

The convertible note reserve records the equity component of issued convertible preference shares.

	Note	Consolidated Group	
		2018	2017
		\$	\$
Movements in Reserve			
Balance at beginning of year		751,936	751,936
Transfer of convertible note reserve to retained earnings upon settlement in cash		(751,936)	-
Balance at end of year		-	751,936

NOTE 26: CAPITAL AND LEASING COMMITMENTS

Capital commitments

The Group has no capital commitments at 30 June 2018 (2017: Nil).

Operating lease commitments

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

	Note	Consolidated Group	
		2018	2017
		\$	\$
Not later than 12 months		375,951	351,213
Between 12 months and five years		204,953	256,706
Later than 5 years		-	-
		580,904	607,919

NOTE 27: SHARE BASED PAYMENTS EXPENSE

OPTIONS

The RightCrowd Limited Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. The performance standard for these options is that the option holder must remain employed by RightCrowd at the time the option vests. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 27: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

Set out below are summaries of options granted under the plan:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2016		
Granted	-	-
Forfeited	-	-
Expired	-	-
Options outstanding as at 30 June 2017	-	-
Granted	6,825,000	\$0.42
Forfeited	(215,000)	\$0.41
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2018	6,610,000	\$0.42

No share options expired or exercised during the periods covered above

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Date options granted	Expiry date	Exercise price	Share options 30 June 2018	Share options 30 June 2017
13/09/2017	12/12/2018	\$0.38	2,096,695	-
13/09/2017	12/12/2019	\$0.43	2,096,661	-
13/09/2017	12/12/2020	\$0.43	2,096,644	-
30/05/2018	28/08/2019	\$0.60	106,668	-
30/05/2018	27/08/2020	\$0.68	106,666	-
30/05/2018	28/08/2021	\$0.68	106,666	-
			6,610,000	-

Weighted average remaining contractual life of options outstanding at end of period 2.25 years -

Details of options issued during the financial year are as follows

- a. On 13 September 2017 6,505,000 share options were granted to employees under the RightCrowd Limited Employee Option Plan to take up ordinary shares. The options vest as follows:

Vesting Date	Number	Exercise Price	Expiry
13/09/2017	2,168,363	\$0.38	12/12/2018
13/09/2018	2,168,328	\$0.43	12/12/2019
13/09/2019	2,168,309	\$0.43	12/12/2020

The options hold no voting or dividend rights and are not transferable.

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NOTE 27: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

The fair value of these options was \$440,299. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	2,168,363	2,168,328	2,168,309
Exercise price	\$0.38	\$0.43	\$0.43
Grant date	13/09/2017	13/09/2017	13/09/2017
Expiry date	12/12/2018	12/12/2019	12/12/2020
Volatility	58%	58%	58%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	\$0.05	\$0.07	\$0.09

- b. On 30 May 2018 320,000 share options were granted to employees under the RightCrowd Limited Employee Option Plan to take up ordinary shares. The options vest as follows:

Vesting Date	Number	Exercise Price	Expiry
30/05/2019	106,668	\$0.60	28/08/2019
30/05/2020	106,666	\$0.68	27/08/2020
30/05/2021	106,666	\$0.68	28/08/2021

The options hold no voting or dividend rights and are not transferable.

The fair value of these options was \$32,000. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	106,668	106,666	106,666
Exercise price	\$0.60	\$0.68	\$0.68
Grant date	30/05/2018	30/05/2018	30/05/2018
Expiry date	28/08/2019	27/08/2020	28/08/2021
Volatility	59%	59%	59%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	\$0.07	\$0.10	\$0.13

The expense recognised in the profit or loss for these share based payments is \$179,077 (2017: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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	
	2018	2017
	\$	\$
North America	3,450,054	2,136,316
Europe, Middle East and Africa	228,708	733,952
Latin America	413,152	62,039
Australia	1,428,841	1,214,669
	5,520,755	4,146,976

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	
	2018	2017
	\$	\$
Asia Pacific (ex Australia)	30,858	13,895
Australia	188,135	702,496
	218,993	716,391

iii) Major customers

There is one customer that contributes more than 10% of total revenue of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 29: COMPANY DETAILS

The registered office of the company is:

RightCrowd Limited
Ground Floor, Suite 2
183 Varsity Parade
Varsity Lakes QLD 4227

ABN 20 108 411 427
www.rightcrowd.com
ASX Code RCW
Incorporated in Australia
Auditor BDO Brisbane
Share Registry Boardroom Pty Limited
Solicitor GRT Lawyers Brisbane

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 515
Seattle WA 98121

Philippines
Unit 2401, One San Miguel Avenue Building, Corner Shaw Boulevard
Ortigas Centre, Pasig City, Manila

**RightCrowd Limited ABN 20 108 411 427
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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 15 to 56, 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 2018 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 28 September 2018

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 2018, 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 2018 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
<p>The group generates revenue from multiple streams including license sales & other services as disclosed in Note 1(m).</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • 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.

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 2018, 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 7 to 13 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of RightCrowd Limited, for the year ended 30 June 2018, 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, 28 September 2018

**RightCrowd Limited ABN 20 108 411 427
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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 31 August 2018:

1. Shareholding

a. Distribution of Shareholders	Number	
	Holders	Units Held
Category (size of holding):		
1 – 1,000	15	6,823
1,001 – 5,000	50	145,296
5,001 – 10,000	61	526,830
10,001 – 100,000	330	12,286,241
100,001 and over	53	120,368,143
	509	133,333,333

b. There are eight (8) 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	40.431
Advance Marketing Technologies Pty Ltd	18,802,491	14.102
Goninan Property Investments Pty Ltd	17,422,517	13.067
Salmon Earthmoving Services Pty Ltd/Pylmon Pty Ltd	6,964,820	5.224
	97,097,256	72.824

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.

**RightCrowd Limited ABN 20 108 411 427
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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	6,964,820	5.224
5. HSBC Custody Nominees (Australia) Limited	6,346,285	4.760
6. David Thomas	2,206,262	1.655
7. Berne No 132 Nominees Pty Ltd	1,851,958	1.389
8. Humana Pty Ltd	1,005,000	0.754
9. Dr David John Ritchie & Dr Gillian Joan Ritchie	1,000,000	0.750
10. Charles & Cornelia Goode Foundation Pty Ltd	660,000	0.495
11. National Nominees Limited	625,498	0.469
12. Lawnhill Superannuation Pty Ltd (Holmes Family)	581,601	0.436
13. Douglas Financial Consultants Pty Ltd	479,018	0.359
14. Meek Superannuation Pty Ltd	425,000	0.319
15. Dr Darryl Leonard Goode & Mrs Lynette Evelyn Goode	400,000	0.300
16. SAS Investments Pty Ltd	384,492	0.288
17. Lawnhill Superannuation Pty Ltd (Rabscud P/L & OWMS)	348,241	0.261
18. SJMJ Super Pty Ltd	333,336	0.250
19. Masada Equities Pty Ltd	300,000	0.225
20. Tigersharek Investments Pty Ltd	300,000	0.225
	114,343,947	85.759

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:
New South Wales Level 12, 225 George Street, SydneyNSW 2000.

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 6,610,000 options are on issue.