Adslot.

ADSLOT LTD (ABN 70 001 287 510)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
Appendix 4E - Final report

Details of the reporting period and the previous corresponding period.

Reporting Period	Financial Year ended	**30 June 2017**
Previous Corresponding Period	Financial Year ended	**30 June 2016**

The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities (Appendix 4E item 2.1)

Revenue from ordinary activities	$	**9,007,016**
Previous corresponding period	$	**8,513,782**
Percentage change up or down from the previous corresponding period of revenue from ordinary activities	%	**5.79%**

The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2)

Loss from ordinary activities after tax	$	**(8,630,187)**
Previous corresponding period	$	**(8,138,485)**
Percentage change up or down from the previous corresponding period of loss from ordinary activities after tax attributable to members	%	**(6.04%)**

The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members (Appendix 4E item 2.3).

Loss attributable to members	$	(8,630,187)
Previous corresponding period	$	(8,138,485)
Percentage change up or down from the previous corresponding period of net loss for the period attributable to members	%	**(6.04%)**

The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends (Appendix 4E items 2.4 and 2.5).

No dividends proposed relating to the reporting period

Net tangible assets per security with the comparative figure for the previous corresponding period.

Reporting Period	cents	**1.21**
Previous Corresponding Period	cents	**0.44**

Adslot.

Explanation of income *(Appendix 4E item 2.6)*

Revenue by Principal Activity

Adslot Ltd derives revenue from three principal activities:

1. **Trading Technology** - comprises *Adslot*, a leading global media trading technology, and *Symphony*, market-leading workflow automation technology, purpose built for digital media agencies.

2. **Services** - comprising marketing services that are provided by the company's *Webfirm* division to SME clients and project-based customisation of Trading Technology.

3. **Adserving** - technology that enables advertisers to deliver and measure the performance of online display advertising (including impressions, clicks and online sales).

The strategic importance, growth potential and growth trajectory of the Group's three principal revenue activities varies, with the contribution of Trading Technology continuing to grow both in real terms and as a percentage of total revenue.

Principal Activity	Profile	FY17 Revenue ($)	FY16 Revenue ($)	YOY Growth Rate
Trading Technology	Global opportunity, rapidly emerging, highly strategic and key growth driver	5,379,387	4,227,677	27%
Services	Complimentary to Trading Technology, stand-alone non-strategic	1,871,159	2,532,188	(26%)
Adserving	Complimentary to Trading Technology, stand-alone non-strategic	608,694	900,081	(32%)

Explanation of profit/(loss) from ordinary activities and net profit/(loss) after tax attributable to members *(Appendix 4E item 2.6)*

The current reporting period loss after tax of $8,630,187 is an increase to the loss of $8,138,485 from the previous corresponding period, as discussed in the Review of Operations found on pages 7 to 15.

Audited results

This report is based on the following financial statements that have been the subject of an independent audit and are not subject to any dispute or qualification.

Other Appendix 4E disclosures

Additional Appendix 4E disclosures can be found in the attached Adslot Ltd financial statements.

Specifically we draw readers' attention to the Review of Operations and Likely Developments found on pages 7 and 13 respectively.

ADSLOT LTD

ABN 70 001 287 510

FINANCIAL STATEMENTS
for the year ended 30 June 2017

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Directors' Report

Your Directors present their report, together with the financial report of Adslot Ltd ACN 001 287 510 ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2017 and the auditor's report thereon.

Information on Directors

Mr Andrew Barlow, Mr Adrian Giles, Mr Ian Lowe, Mr Ben Dixon, Mr Quentin George and Ms Sarah Morgan were directors for the whole financial year and up to the date of this report.

Mr Geoff Dixon resigned from his appointment as director on 1 December 2016.

Mr Andrew Barlow

Non-Executive Chairman

(Age 44)

Andrew Barlow is the founder of Adslot and an experienced technology entrepreneur. Prior to Adslot, Mr Barlow co-founded Hitwise with Adrian Giles in 1997, was Chairman and Managing Director of Hitwise from 1997 – 2000, and Director of R&D from 2000 – 2002. Hitwise was ranked one of the Top 10 fastest growing companies by Deloitte for five years running, before being sold to Experian Group (LSX.EXPN) in May 2007. Mr Barlow is also the Founder of Venturian, a privately-owned venture capital fund with investments in early-stage technology companies with unique IP, highly scalable business models and global market potential. Mr Barlow was also Founder and CEO of Max Super, an online retail superannuation fund sold to Orchard Funds Management in 2007.

Mr Barlow is a director of Nitro Software, Inc.

Mr Adrian Giles

Non-Executive Director

(Age 43)

Adrian Giles is an entrepreneur in the Internet and Information Technology industries. In 1997 Mr Giles co-founded Sinewave Interactive which pioneered the concept of marketing a website using search engines and was the first company in Australia to offer Search Engine Optimisation (SEO) as a service.

In 1997 Mr Giles co-founded Hitwise which grew over 10 years to become one of the most recognised global internet measurement brands in the USA, UK, Australia, NZ, Hong Kong, and Singapore. Whilst positioning the company for a NASDAQ listing in early 2007 Hitwise was sold to Experian (LSX: EXPN) in one of Australia's most successful venture capital backed trade sales.

Mr Giles is also Chairman of Market Engine, a global retailing platform for Asian marketplaces and Chairman of Proquo, an Australian small business marketplace joint venture between Telstra and NAB.

Mr Giles is Chair of the Remuneration Committee.

Mr Ian Lowe

CEO and Executive Director

(Age 47)

Ian Lowe is one of Australia's most experienced digital media executives, having built and run a number of successful global media technology companies from Australia. He has also forged an impeccable reputation in the advertising, media and technology community domestically and internationally, and has a deep understanding of both agency (demand-side) and publisher (supply-side) businesses.

Mr Lowe previously held the role of Chief Executive Officer of Facilitate Digital Ltd, and prior to that, worked for and managed numerous other media and media technology businesses including Traffion, Red Sheriff, PMP Limited, and George Patterson Bates.

Mr Ben Dixon **Executive Director** **(Age 44)**	Ben Dixon's career in the advertising industry goes back over 19 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular he was responsible for the development and implementation of e-commerce and online strategies across a number of advertisers. In late 1999 Ben conceptualised and then co-founded Facilitate Digital Pty Ltd, assuming the role of General Manager. In the subsequent 3 years he played an integral role in steering the business through an industry collapse to a position of strength. Ben was appointed Chief Executive Officer of Facilitate when Adslot acquired it in December 2013.
Mr Quentin George **Non-Executive Director** **(Age 47)**	Quentin George is one of the advertising industry's most credentialed and respected thought leaders. Based in the United States, Mr George has previously served as the Chief Digital and Innovation Officer at IPG Mediabrands, where he was responsible for overseeing $2bB in digital media spend across global media agency networks, as well as specialist digital agencies for Fortune 500 brands. Mr George has also previously held the positions of Global Head of Digital Media and Strategic Innovation, and President, Global at Universal McCann. In 2008, Mr George led the team that architected and built the industry's first ever, standalone programmatic media-buying agency, Cadreon, which he successfully grew into a multi-national organisation encompassing North America, Europe and Asia-Pacific. Mr George has also previously served on the customer advisory boards of Google, Microsoft Advertising, Yahoo! and AOL. He has also served on high-profile industry advisory boards including the Internet Advertising Bureau (IAB) and the American Association of Advertising Agencies (AAAA's), and has held senior leadership roles at digital agencies such as Razorfish and Organic.
Ms Sarah Morgan **Non-Executive Director** **(Age 47)**	Sarah Morgan is an experienced corporate finance advisor. Most of her career was as a Director of independent corporate advisory firm Grant Samuel. Over this time Ms Morgan was involved in a large number of transactions including public company M&A, IPOs, capital raisings (debt & equity), asset acquisitions and divestments, and company and business valuations, across a broad range of industries. Ms Morgan is a non-executive director of Hong Kong based Luxe City Guides and the National Gallery of Victoria Foundation. Directorships of other Australian Listed Companies during the past 3 years: • Hansen Technologies Limited (ASX:HSN) from October 2014 to current • Future Generation Global Investment Company (ASX:FGG) from July 2015 to current. Ms Morgan is Chair of the Audit and Risk Committee.
Mr Brendan Maher **Company Secretary** **(Age 49)**	Brendan Maher joined the Company in 2010 as a qualified Chartered Accountant and has over 27 years' experience gained both in Australia and overseas with Arthur Andersen, National Westminster Bank and Skilled Group Limited. Mr Maher has extensive experience in financial reporting, corporate transactions and was Company Secretary at Skilled Group Limited prior to joining Adslot. Mr Maher is a member of the Institute of Chartered Accountants in Australia and New Zealand, and also a member of the Australian Institute of Company Directors. Mr. Maher resigned as Company Secretary on 14 July 2017. Mr. Ben Dixon was appointed as the interim Company Secretary until the commencement of the new Company Secretary on 30 August 2017.

Directorships of other listed companies

Other than those disclosed on pages 4 to 6 of this Annual Report no director holds a Directorship in any other listed companies in the three year period immediately before the end of the financial year.

Director' shareholdings

The following table sets out each director's relevant interest in shares or options in shares of the Company as at the date of this report.

Directors	Ordinary Shares #	Share Rights #	ESOP Shares #	Performance Rights #
Mr Andrew Barlow	50,050,000	-	-	-
Mr Adrian Giles	20,069,707	-	-	-
Mr Ian Lowe	11,352,839	17,000,000	-	-
Mr Ben Dixon	37,103,660	-	-	500,000
Mr Quentin George	-	-	1,000,000	-
Ms Sarah Morgan	170,000	-	-	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director.

	Board of Directors		Remuneration Committee		Audit and Risk Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Mr Andrew Barlow	14	14	6	6	-	-
Mr Ian Lowe	14	14	-	-	-	-
Mr Adrian Giles	14	14	6	6	3	3
Mr Geoff Dixon	6	4	-	-	1	1
Mr Ben Dixon	14	14	-	-	-	-
Mr Quentin George	14	12	6	6	-	-
Ms Sarah Morgan	14	14	-	-	3	3

Principal activities

Adslot Ltd derives revenue from three principal activities:

1. **Trading Technology** - comprises *Adslot*, a leading global media trading technology, and *Symphony*, market-leading workflow automation technology for media agencies.

2. **Services** - comprises digital marketing services - provided by the company's *Webfirm* division - and project-based customisation of Trading Technology.

3. **Adserving** - technology that enables advertisers to deliver, measure and optimise the performance of online display advertising.

Operating Results

Underpinned by a year on year increase of 27% in *Trading Technology* revenues, Consolidated Group revenues for the FY17 period were $9,007,016, an increase of 6% versus the year prior ($8,513,782).

The Consolidated Group operating loss before interest, income tax, depreciation and amortisation (EBITDA) of $4,239,255, an increased loss versus prior year of $3,260,724 or 30%.

The Consolidated Group operating loss of $8,630,187 is 6% higher than the loss for the prior year of $8,138,485.

Review of Operations

In the 12 months to 30 June 2017 a significant as a number of business and product milestones were achieved in the execution of the Company's growth strategy, including:

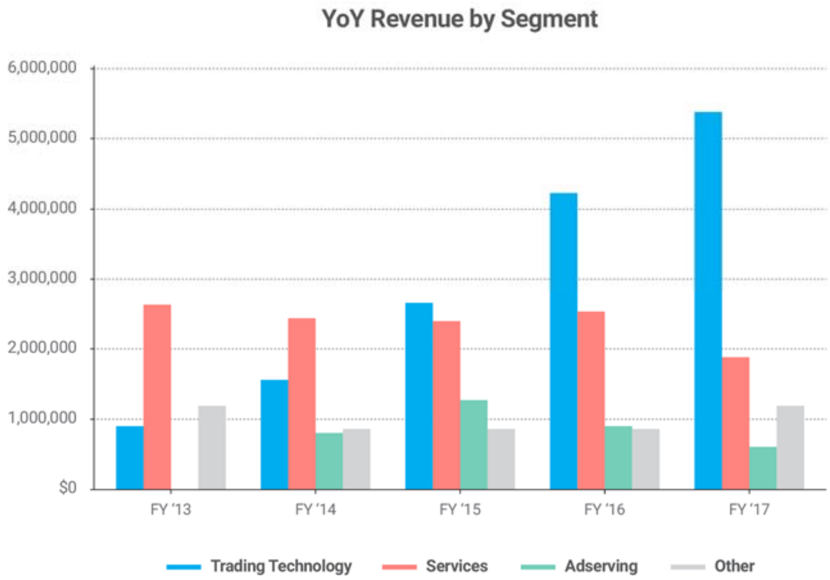
- 27% growth in Trading Technology revenues (FY17)
- GroupM contract sign off (August 2016)
- $18m capital raising (October 2016)
- Successful execution of post investment operating plan (October 2016 – June 2017)
- Successful new market deployments of Symphony (throughout FY17)
- Data Integrations with Bluekai (Oracle) and Lotame (April/May 2017)
- Assembly of unique, premium 'at scale' marketplace continues - significant publishers secured
- Commitments from Symphony agencies to progressive adoption of Automated Guaranteed (June Qtr 2017)

These achievements in combination see the Company well positioned to accelerate growth in Trading Technology revenues in FY18 and beyond.

Significant Achievements

<u>27% growth in Trading Technology revenues</u>

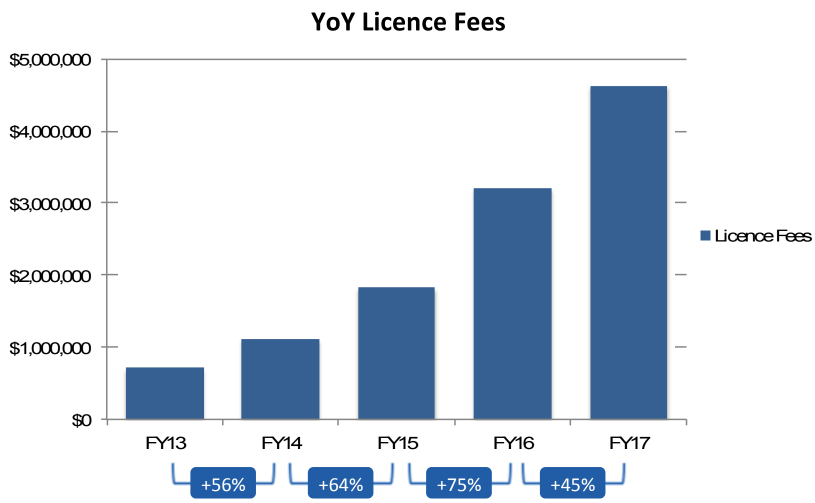
Trading Technology revenues were the Group's growth driver, increasing by 27% against the prior year and delivering the fifth consecutive year of growth.



Trading Technology revenues comprise *Symphony*, a market-leading workflow automation technology (from which the Company derives Licence Fees) and *Adslot*, a leading global media trading technology (from which the Company derives Trading Fees). Both platforms provide purpose built interfaces for media agencies (buyers) and publishers (sellers) to plan, negotiate and trade online display advertising.

Licence Fees

FY17 growth in Trading Technology revenues is attributable to growth in Licence Fees, which grew 45% year on year from $3.197m in FY16 to $4.621m in FY17. Growth in Licence Fees was in turn attributable to the global Symphony contract signed with GroupM in August 2016, the full year impact of which would have been 63% annual growth in Licence Fees.

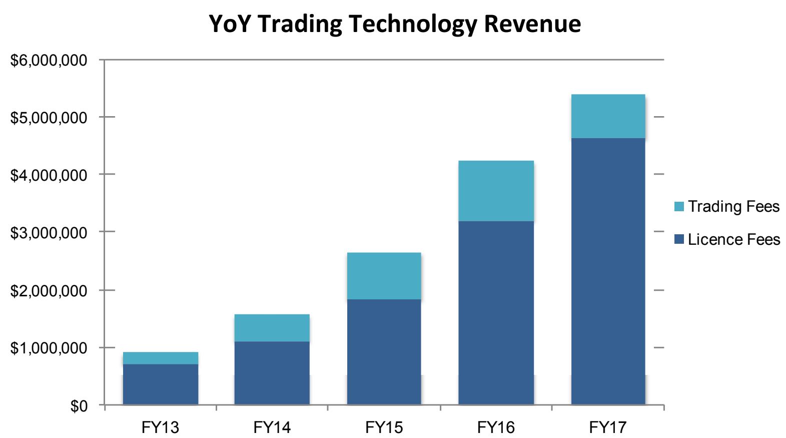


Signed in August 2016, the GroupM contract will see Symphony deployed into 20+ new markets across APAC and EMEA over multiple years. New market deployments require close consultation with both GroupM regional management, and the constituent agencies within GroupM that adopt the technology.

Post contract sign off, Adslot and GroupM collaborated closely to build interfacing teams and transparent, measurable processes to support future deployments. The time required to establish and refine these frameworks took several weeks longer than anticipated, however by the conclusion of the December quarter (2016) these were finalised and functioning as intended. As a direct result the cadence of new market deployments improved in 2H FY17, and is expected to continue. This sets the Company up for new activations into larger markets in FY18, which in turn generate larger Licence Fees.

Trading Fees

Where the Company made strong progress in FY17 relating to Licence Fees, the expected levels of growth in Trading Fees have not materialised in the timeframe anticipated.



There are a number of contributing factors to the timeframe in which Trading Fees will materialise at scale. A consideration of these factors including further background to the significant progress already made follows:

- Adslot has validated the market opportunity for Trading Fees both technically (the Adslot Automated Guaranteed technology works and is scalable) and commercially (multiple pilots have been successfully conducted with multiple agencies, brands and publishers in multiple jurisdictions).
- The Company is now focused on transitioning from validation to 'early adoption' by securing Trading Fees via repeatable, big ticket trading activity at scale.
- Transition to the 'early adoption' phase requires agencies to commit to a change management process, by disrupting their current processes and workflows (as inefficient as they are) to embed the Adslot technology. This type of change management is not insignificant, and requires execution agency-by-agency and market-by-market.
- Adslot already has a successful track record of being able to implement disruptive technology in the form of *Symphony*, which also requires changing management practices and engagement with multiple agency stakeholders.
- Adslot's activation process for Automated Guaranteed continues to be refined. This process is less complicated where agencies are already using or setting up *Symphony*. This means the Company has a sustainable competitive advantage in markets where *Symphony* is deployed.
- In step with process refinement, the Company has also made ongoing product refinements. These product refinements have been informed by close collaboration and deeper engagement with a select number of more significant prospects.
- In the June quarter of 2017, commitments were secured from two significant agencies, one in Europe, and one in APAC, to undertake a phased activation of Adslot's Automated Guaranteed technology. Explicit within these agency commitments is their recognition and commitment to the associated change management.
- These activations represent the first of similar commitments the Company is focused on securing from *Symphony* (and non *Symphony*) agencies in the US, UK, Europe and APAC. The activations are also allowing Adslot to further develop its deployment methodology to facilitate larger future deployments and trading activity at scale.
- Further commitments from agencies of this kind will ultimately drive medium-to-long term sustainable growth in Trading Fees.

While Trading Fees remain nascent and unpredictable, this is not reflective of the broader market opportunity nor the Company's confidence it will capture more meaningful Trading Fees over the first half of FY18 and beyond.

A number of factors see the Company well positioned to capitalise on this large, global opportunity:

- Adslot continues to successfully deploy Symphony, and with it grow the volume of media spend traded via it's technology, the number of media planners/buyers reliant on it (Symphony) and the geographical footprint of users.
- Adslot continue to sign significant publishers in key markets such as US, UK and Australia.
- Adslot's working capital position ($14.32m cash at June 30, with a further $2.7m anticipated in October via the R&D Rebate Scheme).
- Adslot's Automated Guaranteed platform remains the leading technology of its kind globally.
- Recent major feature releases, including enhanced audience targeting, are resonating strongly with agencies and advertisers of all profiles.
- Advertisers pushing for greater transparency is translating to a renewed focus on buying higher quality inventory, which is Adslot's core proposition;
- The Operating Plan outlined in the Use of Funds disclosed as part of the Company's capital raising in October 2016, has been executed successfully, within budget and on time - the stated objective of which was to bring greater velocity to the Company's innovation cycle. In the seven months since the capital raising was concluded, Adslot's R&D team has doubled, and output has increased threefold with further gains expected. This allows the Company to assign more R&D resources as required in support of revenue opportunities.

The Company therefore stands behind the outlook shared in the 1H FY17 results, that Trading Fees will emerge in 1H FY18 to make a more meaningful contribution.

As adoption of Automated Guaranteed builds and becomes more predictable in 1H FY18, the Company intends to commence releasing key business metrics to quantify its progress. A first release of these business metrics will be included in the September quarter Trading Update, and will include the quantum of advertising purchased via Adslot's Automated Guaranteed technology.

GroupM contract sign off

In August 2016 the Company announced it had signed a multi-year contract with GroupM. A division of WPP, GroupM is a multi-national media agency group and the world's largest media buyer.

The global contract will see GroupM activate Adslot's workflow and trading automation platform *Symphony* into a significant number of new markets, including an immediate and ongoing commitment to multiple deployments in Europe and APAC.

The contract also sees GroupM renew their commitment to Adslot across APAC, where Symphony has already been deployed in a number of markets including Australia, China and Japan.

The contract has a number of material implications, including:

- Significant additional revenue in the form of Licence Fees as new markets are deployed
- Global deal with immediate focus on multiple market deployments across Europe and APAC
- Fully funded market entry for each new country of deployment
- Establishes Adslot as a truly global solution via:
    - a new customer footprint in the EMEA region, and
    - an expanded customer footprint in the APAC region.
- In combination with organic growth from existing customers and other new business, the value of media executed via Symphony is expected to increase from circa $3 billion per annum to circa $7 billion per annum over the next 2+ years.
- As a result, Adslot's Automated Guaranteed Trading Fee opportunity via the Symphony-Adslot integration will effectively double.
- Market-ready product can be sold into other agency groups as each new market activated.

$18m capital raising

In October 2016, the Company successfully concluded an $18m Entitlement Offer and Placement. The capital raising was conducted in order to:

- Expand the R&D team in support of;
    - (a) Symphony deployments in new markets for GroupM, and
    - (b) increase the velocity of new feature development
- Expand the Sales organisation
- Increase marketing activity and sales enablement.

Successful execution of post investment Operating Plan

Immediately prior to the October 2016 capital raising, the Company disclosed some of the key Operating Plan objectives under *Use of Funds*. These included:

- Expanding the product and development teams to nearly double the size of the development team in the first year, and by 18 months have grown the development teams by 150%.
- Increasing sales and marketing activity to further accelerate Trading Technology growth

By June 30 2017, the Company had met its product and development team growth objective. Despite a competitive environment for high quality technology talent this was also achieved via a newly created internal recruitment function to minimize recruitment costs. Economies of scale and improvements to development processes meant that by the end of the June quarter 2017, output from the product and engineering teams had increased threefold, while the size of the product and engineering team had less than doubled

In conjunction with the agile development methodology utilised by Adslot, this means the Company is better placed to manage larger projects, more of them, and respond more quickly to revenue generating opportunities as they materialise.

In addition, Adslot's sales and marketing organisation was strengthened with key hires, including:

- Appointment of US Market Lead
- Expansion of US sales organisation with two new sales hires
- Appointment of NY based Chief Marketing Officer (CMO)

Successful new market deployments of Symphony

Over the FY17 period, Adslot successfully deployed *Symphony* into multiple new markets including Austria, Taiwan and Turkey. As a result, the Symphony user base increased by 11% from 10,604 to 11,727 over the corresponding period. In FY17 the Company also refined its new market deployment blueprint in the areas of project management and process design. The improved efficiency resulting has seen the cadence of new market activations improve, and deployments into larger markets in FY18 and beyond are anticipated.

The Company has also commenced a further three market activations which are now in various stages of deployment.

	Installed		Current deployment pipeline
	July 2016	July 2017	
Countries Deployed – All Clients	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US Austria Taiwan Turkey	3 Markets: • x1 market fully scoped, in development • x1 market fully scoped, development yet to commence • x1 market partially scoped, development yet to commence
Number of Registered Users	10,604	11,727	

Deployments into larger markets will positively impact the following:

- **Revenue growth** - Licence Fee revenue is driven by both the number and size of markets.
- **Greater access to new demand to generate Trading Fees** – Trading Fees are expected to emerge and exceed Licence Fees as the integration of Symphony and Automated Guaranteed continues to improve and agencies look to automate all aspects of media trading in the future.
- **Incumbency** - increases the user base of media planners and buyers reliant on the Symphony platform.
- **Expanding global footprint** – expands Adslot's customer footprint and with it the Company's ability offer regional and global coverage to other multi-national agency groups. The Company has fielded inbound interest in Symphony from other multinational agency groups, in the EMEA region in particular.

Data Integrations with Bluekai (Oracle) and Lotame

In April and May 2017 respectively, Adslot launched its Guaranteed Audience feature via integrations with audience data from industry leaders Bluekai (Oracle) and Lotame. These audience data integrations provide media buyers using Adslot with access to approximately 10,000 audience profiles across the catalogue of participating Adslot publishers. This capability provides advertisers with more granular targeting of their advertising message, and is considered desirable as it aligns more closely with a specific target audience, improves campaign performance and with it ROI.

The Bluekai and Lotame audience data integrations significantly extend the breadth and diversity of audience profiles available via Adslot. This aligns with the Company's objective to provide comparable audience targeting to RTB/programmatic technology, and with it the size of the market opportunity.

Adslot will continue to enhance this area of its Automated Guaranteed offering, with particular focus on productising the ability of an advertiser/agency to target and trade an audience defined using their own data, across multiple publisher sites.

Assembly of unique, premium 'at scale' marketplace continues - significant publishers secured

A number of significant publishers were secured in FY17, including:

tripadvisor, Investing Channel, theguardian, IDG, BUSINESS INSIDER, The Motley Fool, News UK, Bloomberg, HEARST, Aol., USA TODAY, Dennis, CONDÉ NAST, POPSUGAR, mixmag

Securing publishers of the quality and scale such as these on an ongoing basis remains a high priority objective for the Company:

- Expands the diversity and value associated with the Adslot publisher catalogue generally
- Securing publishers critical to specific advertisers makes Adslot technology more attractive to those advertisers
- As adoption at scale emerges, ensures Adslot is well positioned to service growing demand

Commitments from Symphony agencies to progressive adoption of Automated Guaranteed

The Company has focused sales efforts in Europe and APAC on media buyers/agencies that are already using the Symphony platform to plan and buy online display advertising. This scenario benefits from the incumbency Symphony affords and an established relationship. The sales process itself is characterised by enterprise sale dynamics where the agency typically views the adoption of Adslot's trading technology as an innovation that encompasses the full breadth of their relevant media buying activity.

As a result, adoption usually requires support from various stakeholders across the agency organisation, including executive management, digital leads, operational leads and finance.

In the June quarter (2017), Adslot secured commitments from two significant agencies, one in Europe, and one in APAC, to undertake a phased activation of its Automated Guaranteed technology.

The phased activation approach is different for each of the two agencies; one will be driven by activating one advertiser account at a time, the other by activating relevant groups of relevant publishers across multiple advertiser accounts.

In both cases agencies will use the integrated Symphony-Adslot interface.

Likely Developments and Business Strategies

Trading Fees will emerge in 1H FY18 to make a more meaningful contribution

The Company continues to make progress selling its Automated Guaranteed trading technology in key markets including US, UK, Europe and Australia. Sales activity to drive adoption of Adslot's Automated Guaranteed technology is being targeted at Symphony agency customers in Australia and Europe, where the sophistication of those markets and the incumbency of Symphony provides opportunity and access. In US and UK markets, where the Symphony client base is less significant, sales activity is focused on (non Symphony) agencies and advertisers direct.

Market/Region	Driving adoption of AG via Symphony agency customers	Driving adoption of AG via direct sales to Agency/Advertiser
Australia	✔	
Europe	✔	
UK		✔
US		✔

The Company remains confident Trading Fees will make a more significant revenue contribution in 1H FY18 and beyond, due in large part to:

- In the June quarter of 2017, commitments were secured from two significant agencies, one in Europe, and one in APAC, to undertake a phased activation of Adslot's Automated Guaranteed technology.
- Major feature enhancements including the audience data integrations announced in April/May 2017, are resonating strongly with agencies and advertisers of all profiles, including non Symphony agencies.
- Advertisers pushing agencies for greater transparency is translating to a renewed focus on buying higher quality inventory, which is Adslot's core proposition.
- Adslot's Automated Guaranteed platform remains the leading technology of its kind globally.

Licence Fees will continue to grow into FY18 and beyond

Off the back of successful new market activations of Symphony for GroupM, Licence Fees will grow in FY18 and beyond based on the following:

- A full year of Licence Fee revenues derived from new market activations in Austria, Taiwan and Turkey
- A further three new market activations have commenced and are in various stages of scoping and development
- Larger markets are anticipated for activation in FY18 and beyond

Further benefits from additional investment in R&D and sales/marketing will emerge

The Company expects further benefits will be realised as a result of its ongoing investment in R&D and sales/marketing. These include:

- The material increase already seen in product development velocity will continue to improve (see the section above titled 'Successful execution of post investment Operating Plan').
- By the end of FY18 the integration of Symphony and Adslot platforms will be close to reaching the single product experience objective.
- Increased marketing activity in FY18 will expand market awareness.
- Increased marketing and sales activity will significantly increase the Company's sales pipeline and conversion.

As revenue grows net cash outflows will recede

Adslot's FY18 Operating Plan does not contemplate additional growth in headcount, and so operating costs are expected to remain in line with that of the June quarter 2017. As Trading Technology revenues continue to grow, this will see net cash outflows recede accordingly. Other factors contributing in combination to a decline in net cash outflows include:

- Non strategic Services revenue is expected to remain flat but modestly profitable
- Non strategic Adserving revenue is expected to decline significantly but contribute modest profit
- Being a cloud based technology there are no significant increases in COS to support significant growth in Trading Technology revenues
- Revenue growth will drive a corresponding reduction in cash burn and lift in net margin

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Environmental regulations

The Group's operations are not subject to any significant environmental regulations under the Commonwealth, State or any other country in which the entity operates.

Dividends

The Directors do not recommend the declaration of a dividend. No dividend has been declared or paid during the year.

Shares under option

There were no unissued shares or interests under option as at the date of signing this report.

Shares subject to rights

Details of unissued shares or interests subject to rights as at the date of signing this report are:

CEO Sign on Rights

	Share price required (a)	Number of rights
Right to receive ordinary shares	$0.200	3,000,000
Right to receive ordinary shares	$0.300	4,000,000
Right to receive ordinary shares	$0.400	5,000,000
Right to receive ordinary shares	$0.500	5,000,000
Total		17,000,000

(a) Share price required to trade above a 30 day VWAP before entitlement to Right

Executive Performance Rights

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
Performance Rights	26/11/14	Nil	5,309,523	-	(3,059,524)	(2,249,999)	-
Performance Rights	26/8/15	Nil	1,955,000	-	(365,000)	(500,000)	1,090,000
Performance Rights	27/06/16	Nil	600,000	-	(200,000)	-	400,000
Performance Rights	01/09/16	Nil	-	8,300,000	-	(550,000)	7,750,000
			7,864,523	8,300,000	(3,624,524)	(3,299,999)	9,240,000

Indemnification and Insurance of Officers

The Company has during the financial year, in respect of each person who is or has been an officer of the company or a related body Corporate, made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Since the end of the financial year, the Company has paid premiums to insure all directors and officers of Adslot Ltd and the Adslot Group of companies, against costs incurred in defending any legal proceedings arising out of their conduct as a director and officer of the Company, other than for conduct involving a wilful breach of duty or a contravention of Sections 232(5) or (6) of the *Corporations Act 2011*, as permitted by section 241A(3) of the Corporations Act. Disclosure of the premium amount is prohibited by the insurance contract.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 30 June 2017 has been received and can be found on page 28 of the financial report. Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Adslot.

Letter from Chair of the Remuneration Committee

Dear Shareholders,

During the last 12 months, the board has invested considerable time and effort to review the Adslot Remuneration Plan.

The objectives were to assess the relevance of the current plan to ensure it is effective at:

a) Attracting the highest quality employees;
b) Retaining the best performing employees;
c) Aligning employees with shareholder outcomes;
d) Aligning employee motivation to a cascading set of key performance indicators (KPI's) that drive the most optimal strategic outcomes for the business;
e) Ensuring it aligns with the latest industry best practice.

The review considered the entire remuneration framework including:

- base salaries, short term incentives (STI's), and long term incentives (LTI's);
- how to consistently apply the most optimal plan across the organisation;
- and how to balance simplicity of the plan with the tax outcomes for employees and the company.

The outcome and recommendations of that process were then independently reviewed by third party experts to ensure compliance from a tax and legal point of view.

Adslot – FY 2018 Remuneration Framework

The framework chosen outline's considerations for Base Salary (Fixed); Short Term Incentives (STI); and Long Term Incentives (LTI). These are further explained below.

Base Salary (Fixed Remuneration)

Consisting of a base salary, superannuation and any non-monetary benefits.

The base salary is determined by recommendation from the CEO (for the executive and wider team) and the remuneration committee (for the CEO). It is designed at a level to competitively attract and retain the best available employees in the markets in which we operate whilst also considering the growth stage, revenue and capital of the company. It is also linked to performance during an ongoing quarterly review process.

Short Term Incentives (STI's)

STI awards are set within an agreed percentage range of the employee's base salary and consist of a cash payment attached to a recently revised key performance indicator (KPI) framework that ties the desired business outcomes to a cascading set of clear deliverables (KPI's) for individuals.

We set a maximum percentage of STI to base salary and provide a guideline for an acceptable range of STI based on roles and functions across the organisation.

Key benefits of this approach are:

- it makes the decision on the quantum of the STI more consistent across the organisation and consistent with industry norms; and
- is within an acceptable range tied to a base salary that is relevant and market tested.

Long Term Incentives (LTI's)

Like the STI, every LTI award is calculated based on a percentage of the employee's base salary.

The resulting LTI to be offered to employees each year is an option to acquire an Adslot share in the future, with the Company having the discretion as to the amount of the exercise price which is payable and the nature of the vesting conditions which need to be satisfied for an employee to acquire a share.

Vesting conditions are designed to:

- be consistent with industry best practice;
- ensure the incentive is attached to a long-term commitment; and
- align employee benefits directly with positive shareholder outcomes.

Further information about the plan will be provided to shareholders in the lead up to the 2017 Annual General Meeting. It is hoped that shareholders will see the outcomes of the review as an improvement and express their support by voting in favour of the relevant resolutions at the AGM.

Sincerely,

Adrian Giles
Chair – Remuneration Committee
Adslot Ltd
28 August 2017

Remuneration Report

The remuneration report is set out under the following headings:

Section 1: Non-executive directors' remuneration

Non-executive directors' fees are reviewed annually and are determined by the Board. In making its determination it takes into account fees paid to other non-executive directors of comparable companies.

Non-executive directors' fees are within the maximum aggregate limit of $350,000 per annum agreed to by shareholders at the Annual General Meeting held on 30 November 2009. To preserve the independence and integrity of their position, non-executive directors do not receive performance-based bonuses.

For the 2017 financial year, the Chairman's fees are $75,000 per annum. Non-executive directors' fees are $50,000 per annum. In addition, the Chair of the Audit & Risk Committee receives a further $25,000 in recognition of the additional workload of that position.

Section 2: Executive remuneration

The Board of Directors are responsible for determining and reviewing compensation arrangements for key management personnel and the executive team. In June 2011, the Company established a Remuneration Committee who now makes recommendations on remuneration of key management personnel to the Board.

The Board assesses the appropriateness of the nature and amount of emoluments of these employees on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality executives. Executives' remuneration consists of a fixed cash component, short-term incentives in the form of cash bonuses, and long-term incentives in the form of equity-based compensation linked to the long term prospects and future performance of the Company. The inclusion of equity-based compensation in executives' remuneration provides a direct link between their remuneration and shareholder wealth, otherwise there are no direct relationships.

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

Item	**2017**	**2016**	**2015**	**2014**	**2013**
EPS (cents)	(0.70)	(0.77)	(0.89)	(1.20)	(0.94)
Net loss ($)	8,630,187	8,138,485	9,205,521	10,095,562	6,460,947
Share price at 30 June ($)	0.051	0.110	0.090	0.115	0.044

Remuneration Report (Continued)

Section 3: Details of remuneration

Details of the remuneration of the directors and the key management of the Company and its controlled entities are set out in the following tables.

The key management personnel of Adslot Ltd and its controlled entities include the following directors and executive officers:

Directors	**Position**	**Date appointed/resigned**
Mr Adrian Giles	Non-Executive Director	Appointed 26 November 2013
Mr Andrew Barlow	Non-Executive Director Non-Executive Chairman	Appointed 16 February 2010 Appointed 26 November 2013
Mr Ian Lowe	Chief Executive Officer Executive Director	Appointed 8 October 2012 Appointed 8 October 2012
Mr Ben Dixon	Executive Director	Appointed 23 December 2013
Mr Geoff Dixon	Non-Executive Director	Appointed 23 December 2013 Resigned 01 December 2016
Mr Quentin George	Non-Executive Director	Appointed 14 June 2014
Ms Sarah Morgan	Non-Executive Director	Appointed 27 January 2015
Executive Officers		
Mr Brendan Maher	Company Secretary / Chief Financial Officer	Appointed 15 November 2010 Resigned 14 July 2017
Mr Tom Peacock	Group Commercial Director	Appointed 23 December 2013

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

Group 2017	Short-term benefits			Long Term Benefits	Post-employment benefits	Share-based payment		
Name	Salary & fees $	Bonus $	Other $	Long Service Leave $	Super-annuation $	Shares[1] $	Rights[1] $	Total $
Executive directors								
Mr I Lowe	355,750	20,623	-	-	19,616	-	-	395,989
Mr B Dixon	206,000	10,000	-	3,975	19,308	-	18,300	257,583
Non-executive directors								
Mr A Giles	50,000	-	-	-	-	-	-	50,000
Mr A Barlow	68,493	-	-	-	6,507	-	-	75,000
Mr G Dixon (i)	19,026	-	-	-	1,807	-	-	20,833
Mr Q George	50,000	-	-	-	-	12,321	-	62,321
Ms S Morgan	68,493	-	-	-	6,507	-	-	75,000
Other key management personnel								
Mr B Maher (ii)	264,296	10,000	-	(16,322)	19,616	-	19,600	297,190
Mr T Peacock	206,000	10,000	-	7,744	19,308	-	22,553	265,605
Totals	1,288,058	50,623	-	(4,603)	92,669	12,321	60,453	1,499,521

[1] Awards of Shares and Rights are governed by the rules of the Company's ESOP. Given the forfeiture conditions contained in that Plan, these awards are in substance rights issues.

(i) to 01 December 2016
(ii) includes a long service leave provision reversal brought forward from 2016. Mr Maher tendered his resignation in April 2017, as such will not be entitled to any long service leave payout based on Long Service Leave Act 1992 No. 83 of the Victoria State legislation.

Bonuses

Bonuses appearing in the table above were paid for the year ended 30 June 2017 (but relate to the performance from the prior year) as follows:

Name	Amount Paid $	Amount available in future periods $	Total Bonus Opportunity $	Assessment Criteria
Mr I Lowe	20,623	-	150,000	Company performance to budget, product development and launch, and client & partnership signings.
Mr B Dixon	10,000	-	55,000	Performance related KPI's.
Mr B Maher	10,000	-	45,063	Division performance, governance, reporting and performance related KPI's.
Mr T Peacock	10,000	-	N/A (a)	Performance related KPI's.

(a) Not applicable as total bonus opportunity is based on a percentage of the Group's performance.

No portion of the total bonus opportunity for key management personnel was forfeited.

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

Group 2016	Short-term benefits			Long Term Benefits	Post-employment benefits	Share-based payment		
Name	Salary & fees $	Bonus $	Other $	Long Service Leave $	Super-annuation $	Shares[1] $	Rights[1] $	Total $
Executive directors								
Mr I Lowe	309,000	-	-	-	19,308	-	-	328,308
Mr B Dixon	203,854	17,351	-	8,969	20,818	-	28,572	279,564
Non-executive directors								
Mr A Giles	50,000	-	-	-	-	-	-	50,000
Mr A Barlow	68,493	-	-	-	6,507	-	-	75,000
Mr G Dixon	45,662	-	-	-	4,338	-	-	50,000
Mr Q George	50,000	-	-	-	-	25,744	-	75,744
Ms S Morgan	68,493	-	-	-	6,507	-	-	75,000
Other key management personnel								
Mr B Maher	252,838	-	-	7,628	19,308	19,743	47,620	347,137
Mr T Peacock	205,500	-	-	5,745	19,308	89,891	38,096	358,540
Totals	1,253,840	17,351	-	22,342	96,094	135,378	114,288	1,639,293

[1] Awards of Shares and Rights are governed by the rules of the Company's ESOP. Given the forfeiture conditions contained in that Plan, these awards are in substance rights issues.

Bonuses

Bonuses appearing in the table above were paid for the year ended 30 June 2016 (but relate to the performance from the prior year) as follows:

Name	Amount Paid $	Amount available in future periods $	Total Bonus Opportunity $	Assessment Criteria
Mr I Lowe	-	-	125,000	Company performance to budget, product development and launch, and client & partnership signings.
Mr B Dixon	17,351	-	55,000	Performance related KPI's.
Mr B Maher	-	-	45,063	Division performance, governance, reporting and performance related KPI's.
Mr T Peacock	-	-	N/A (a)	Performance related KPI's.

(a) Not applicable as total bonus opportunity is based on a percentage of the Group's performance.

No portion of the total bonus opportunity for key management personnel was forfeited.

Remuneration Report (Continued)

Section 4: Executive contracts of employment

Formal contracts of employment for all members of the key management personnel are in place. Contractual terms for most executives are similar but do, on occasions, vary to suit different needs. The following table summarises the key contractual terms for all key management personnel.

Length of contract	Open ended
Fixed Remuneration	Remuneration comprises salary and statutory employer superannuation contributions.
Incentive Plans	Eligible to participate. Incentive criteria and award opportunities vary for each executive.
Notice Period	Members of the key management, including executive directors, have notice periods ranging from three weeks to three months. The Chief Executive Officer and Chief Financial Officer have notice periods of 3 months. Other Executives have notice periods ranging from 3 weeks to 1 month.
Resignation	Employment may be terminated by giving notice consistent with the notice period.
Retirement	There are no financial entitlements due from the Company on retirement of an executive.
Termination by the Company	The Company may terminate the employment agreement by providing notice consistent with the notice period or payment in lieu of the notice period.
Redundancy	Payments for redundancy are discretionary and are determined having regard to the particular circumstances. There are no contractual commitments to pay redundancy over and above any statutory entitlement.
Termination for serious misconduct	The Company may terminate the employment agreement at any time without notice, and the executive will be entitled to payment of remuneration only up to the date of termination.

Remuneration Report (Continued)

Section 5: Equity-based compensation

Performance Rights over Shares

Shareholders approved at the November 2014 Annual General Meeting the creation of Performance Rights over Shares which enables the Board to offer eligible employees the right to Performance Rights which convert to shares subject to the executive's performance against specific individual financial and non-financial performance criteria. No amounts are paid or payable by the recipient on receipt of the right. The rights carry no voting rights. All rights are subject to service periods which require the employees remain an employee of the Company.

The following table shows grants of share-based compensation to directors and senior management under the Performance Rights Plan during the current financial year:

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)
Ben Dixon	Nov 14	500,000	-	(250,000)	(250,000)	-
Brendan Maher	Nov 14	833,333	-	(416,666)	(416,667)	-
Tom Peacock	Nov 14	666,667	-	(333,333)	(333,334)	-
Ben Dixon	Sep 16	-	500,000	-	-	500,000
Brendan Maher	Sep 16	-	750,000	-	-	750,000
Tom Peacock	Sep 16	-	750,000	-	-	750,000
		2,000,000	2,000,000	(999,999)	(1,000,001)	2,000,000

The model inputs for Performance rights to shares granted during the year ended 30 June 2017 included:

Model Input	**PR # 17-1**
Grant Date	01/09/16
Assessment period	2 years
Exercise Price	-
Probability of Conversion to Shares	50%
Price at Grant Date	$0.125

The following table shows grants of share-based compensation to directors and senior management under the Performance Rights Plan during the prior year ending 30 June 2016:

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)
Ben Dixon	Nov 14	750,000	-	-	(250,000)	500,000
Brendan Maher	Nov 14	1,250,000	-	-	(416,667)	833,333
Tom Peacock	Nov 14	1,000,000	-	-	(333,333)	666,667
		3,000,000	-	-	(1,000,000)	2,000,000

No Performance rights to shares were granted to KMP during the year ended 30 June 2016.

Remuneration Report (Continued)

Section 5: Equity-based compensation

Employee share ownership plan (ESOP)

In November 2012 the Company gained approval to establish an employee incentive scheme comprising the Adslot Limited Share Option Plan and the Adslot Employee Share Trust.

Rights to shares are available to be issued to eligible employees based on the performance against specific individual financial and non-financial key performance indicators. Any rights awarded are subject to a two-year service period and if this service period is not met, the rights to shares will be forfeited by the eligible employee. Shares held by the Trust under the scheme will have voting and dividend rights, and the right to participate in further issues pro-rata to all ordinary shareholders.

The ESOP was replaced by the Performance Rights over Shares Plan in financial year 2015 and as such there have been no new ESOP rights granted during the years ending 30 June 2015 to 30 June 2017.

There were no vesting of ESOP share-based compensation to directors and senior management under the ESOP for the current financial year ended June 2017.

The following table shows the vesting of ESOP share-based compensation to directors and senior management under the ESOP during prior year ending June 2016:

		During the Financial year			
Name	**ESOP Series**	**Number Granted**	**Number Vested**	**% of Grant Vested**	**% of Grant Forfeited**
Brendan Maher	Sept 2013	-	763,602	100%	0%
	March 2014	-	561,526	100%	0%
Tom Peacock	Jan 2014	-	176,928	100%	0%
	March 2014	-	2,823,072	100%	0%

Remuneration Report (Continued)

Section 5: Equity-based compensation (continued)

Rights over Shares

Upon commencement of employment (8 October 2012) Mr Lowe was granted the right to receive the following shares after the share price of the Company trades above a 30 day volume-weighted average price (VWAP) as per the table below. Each right would convert into one ordinary share of Adslot Ltd when the VWAP criteria is met. In the event of a Change of Control of the Company some of these Rights would vest on a sliding scale between the take over price and required VWAP of the next eligible series.

No amounts are paid or payable by the recipient on receipt of the right. The rights carry no voting rights. Some rights are subject to escrow per the below table and all rights are subject to Mr Lowe remaining an employee of the Company.

Rights over shares movements during the financial year are summarised below:

Issue Type	Required VWAP Price $	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)
Rights over shares	0.200	3,000,000	-	-	-	3,000,000
Rights over shares	0.300	4,000,000	-	-	-	4,000,000
Rights over shares	0.400	5,000,000	-	-	-	5,000,000
Rights over shares	0.500	5,000,000	-	-	-	5,000,000
		17,000,000	-	-	-	17,000,000

The following table shows grants of rights over shares to directors and senior management during prior year ending 30 June 2016:

Issue Type	Required VWAP Price $	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)
Rights over shares	0.200	3,000,000	-	-	-	3,000,000
Rights over shares	0.300	4,000,000	-	-	-	4,000,000
Rights over shares	0.400	5,000,000	-	-	-	5,000,000
Rights over shares	0.500	5,000,000	-	-	-	5,000,000
		17,000,000	-	-	-	17,000,000

Remuneration Report (Continued)

Section 5: Equity-based compensation (continued)

Details of ESOP and other rights to ordinary shares in the Company provided as remuneration of directors and the key management personnel of the Company are set out below:

Name	Rights Granted During the Year				Rights Vested During the Year			
	2017		2016		2017		2016	
	Number	$	Number	$	Number	$	Number	$
Directors								
Mr Adrian Giles	-	-	-	-	-	-	-	-
Mr Ian Lowe	-	-	-	-	-	-	-	-
Mr Andrew Barlow	-	-	-	-	-	-	-	-
Mr B Dixon	500,000	62,500	-	-	250,000	26,250	250,000	26,250
Mr G Dixon (i)	-	-	-	-	-	-	-	-
Mr Q George	-	-	-	-	-	-	-	-
Ms S Morgan	-	-	-	-	-	-	-	-
Other Key Management Personnel								
Mr B Maher	750,000	93,750	-	-	416,667	43,750	1,741,795	122,695
Mr T Peacock	750,000	93,750	-	-	333,334	35,000	3,333,333	288,682

(i) to 01 December 2016

The assessed fair value at issue date of the rights granted to the executive is allocated equally over the period from issue date to vesting date, and the amount is included in the remuneration tables above.

Remuneration Report (Continued)

Section 6: Equity holdings and transactions

The number of shares in the Company held during the financial year by each Director of Adslot Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

2017 Name	**Balance at the start of the year (Number)**	**Received during the year as compensation (Number)**	**Net other changes during the year (Number)**	**Balance at the end of the year (Number)**
Directors				
Mr A Giles	19,633,409	-	436,298	20,069,707
Mr A Barlow	57,803,769	-	(7,753,769)	50,050,000
Mr I Lowe	14,461,929	-	(3,109,090)	11,352,839
Mr B Dixon	35,369,513	250,000	1,484,147	37,103,660
Mr G Dixon (i)	86,252,015	-	3,593,834	89,845,849
Mr Q George	-	-	-	-
Ms S Morgan	-	-	170,000	170,000
Other key management personnel				
Mr B Maher	561,526	416,667	(978,193)	-
Mr T Peacock	4,075,975	333,334	-	4,409,309
Totals	218,158,136	1,000,001	(6,156,773)	213,001,364

(i) to 01 December 2016

Section 7: Other transactions with Key Management Personnel

Transactions with Directors and their personally related entities:

During the year there were no transactions with Directors and their personally related entities. 2016 included revenue to the value of $353 from a Publisher related to Mr Ben Dixon and Mr Geoff Dixon on normal commercial terms and conditions.

This marks the end of the audited remuneration report.

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

Andrew Barlow
Chairman
Adslot Ltd
28 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ADSLOT LIMITED

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

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 28 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 $	2016 $
Total revenue from continuing operations	3	8,183,376	7,735,278
Other income		823,640	778,504
Total revenue and other income	3	9,007,016	8,513,782
Hosting & other related technology costs		(686,624)	(1,402,979)
Employee benefits expense		(8,139,988)	(6,908,429)
Directors' fees		(270,833)	(298,656)
Recruitment fees		(238,350)	(259,606)
Advertising expense		(160,424)	(104,830)
Lease – rental premises	4	(1,074,702)	(941,552)
Impairment of receivables	4	(17,747)	(28,240)
Listing & registrar fees		(119,299)	(111,237)
Legal fees		(49,507)	(27,728)
Travel expenses		(488,180)	(315,124)
Consultancy fees		(212,775)	(76,236)
Audit and accountancy fees		(196,936)	(159,889)
Other expenses		(936,303)	(624,527)
Share based payment expense		(330,467)	(440,138)
Depreciation and amortisation expenses	4	(4,685,082)	(4,930,957)
Total expenses		(17,607,217)	(16,630,128)
Loss before income tax expense		(8,600,201)	(8,116,346)
Income tax benefit / (expense)	5	(29,986)	(22,139)
Loss after income tax expense		(8,630,187)	(8,138,485)
Net loss attributable to members		(8,630,187)	(8,138,485)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation		3,194	(10,739)
Total other comprehensive income / (loss)		3,194	(10,739)
Total comprehensive loss attributable to the members		(8,626,993)	(8,149,224)

		2017 Cents	2016 Cents
Earnings per share (EPS) from loss from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	16	(0.70)	(0.77)
Diluted earnings per share	16	(0.70)	(0.77)

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	14,320,147	4,745,969
Trade and other receivables	8	4,685,621	4,355,987
Total current assets		19,005,768	9,101,956
NON-CURRENT ASSETS			
Property, plant & equipment	9	243,744	65,518
Deferred tax assets	5	36,370	39,677
Intangible assets	10	24,747,821	26,759,567
Total non-current assets		25,027,935	26,864,762
Total assets		44,033,703	35,966,718
CURRENT LIABILITIES			
Trade and other payables	11	2,252,581	2,976,527
Other liabilities	12	583,759	557,878
Provisions	13	605,590	457,522
Total current liabilities		3,441,930	3,991,927
NON-CURRENT LIABILITIES			
Provisions	13	325,473	315,587
Deferred tax liabilities	5	36,370	39,677
Total non-current liabilities		361,843	355,264
Total liabilities		3,803,773	4,347,191
NET ASSETS		40,229,930	31,619,527
EQUITY			
Issued capital	14	137,949,047	120,693,650
Reserves	15	389,929	404,736
Accumulated losses		(98,109,046)	(89,478,859)
TOTAL EQUITY		40,229,930	31,619,527

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

2017

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2016		120,693,650	404,736	(89,478,859)	31,619,527
Movement in foreign exchange translation reserve	15	-	3,194	-	3,194
Other comprehensive income		-	3,194	-	3,194
Loss attributable to members of the company		-	-	(8,630,187)	(8,630,187)
Total comprehensive income		-	3,194	(8,630,187)	(8,626,993)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	14	16,910,710	-	-	16,910,710
Reclassification of vested performance rights	14	344,479	(348,260)	-	(3,781)
Net movement in treasury shares		208	(208)	-	-
Increase in employees share based payments reserve	15	-	330,467	-	330,467
		17,255,397	(18,001)	-	17,237,396
Balance 30 June 2017		137,949,047	389,929	(98,109,046)	40,229,930

2016

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2015		115,100,833	1,187,988	(81,340,374)	34,948,447
Movement in foreign exchange translation reserve	15	-	(10,739)	-	(10,739)
Other comprehensive income		-	(10,739)	-	(10,739)
Loss attributable to members of the company		-	-	(8,138,485)	(8,138,485)
Total comprehensive income		-	(10,739)	(8,138,485)	(8,149,224)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	14	4,382,380	-	-	4,382,380
Reclassification of vested ESOP	15	1,210,437	(1,212,651)	-	(2,214)
Increase in employees share based payments reserve	15	-	440,138	-	440,138
		5,592,817	(772,513)	-	4,820,304
Balance 30 June 2016		120,693,650	404,736	(89,478,859)	31,619,527

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from trade and other debtors		11,028,575	11,327,511
Interest received		326,488	76,463
Receipt of R&D tax incentive and other Grants		775,241	511,425
Payments to trade creditors, other creditors and employees		(16,251,884)	(14,685,066)
Income tax received/ (paid)		-	17,187
Interest paid		(594)	(187)
Net cash outflows from operating activities	22	(4,122,174)	(2,752,667)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(177,950)	(58,140)
Proceeds from sale of fixed assets		2,750	-
Receipt of R&D tax incentive relating to capitalised assets		1,583,175	1,716,792
Payments for intangible assets		(4,524,194)	(2,911,523)
Net cash outflows from investing activities		(3,116,219)	(1,252,871)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		18,054,640	4,600,000
Payments of equity raising costs		(1,219,342)	(237,135)
Net cash inflows from financing activities		16,835,298	4,362,865
Net increase / (decrease) in cash held		9,596,905	357,327
Cash at the beginning of the financial year		4,745,969	4,441,226
Effects of exchange rate changes on cash		(22,727)	(52,584)
CASH AT THE END OF THE FINANCIAL YEAR	7	14,320,147	4,745,969

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

Notes to the Financial Statements

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies

The financial report covers Adslot Ltd ('the Company') and controlled entities ('the Group'). Adslot Ltd is a listed public company, incorporated and domiciled in Australia. The financial report is for the financial year ended 30 June 2017 and is presented in Australian dollars.

The principal accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Adslot Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Adslot Ltd is a for-profit entity for the purpose of preparing the financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets. Under the historical cost convention assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(b) Going concern

Management continue to invest resources to successfully launch the Adslot products in multiple geographies. The Group has incurred net cash outflows from operations of $4.1m for the year, and management anticipate incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved. With cash at bank of $14.3m at year-end, the Directors believe there exists a reasonable expectation that the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements comprise those of the Company, and the entities it controlled at the end of, or during, the financial year. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All intra-group transactions, balances, income and expenses between entities in the Group included in the financial statements have been eliminated in full. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The accounting policies adopted in preparing the financial statements have been consistently applied by entities in the Group.

Investments in subsidiaries are accounted for at cost less impairment losses in the parent entity information in Note 24.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(c) Principles of consolidation (Continued)

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

The Group recognises identifiable assets and liabilities assumed in the business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values. Goodwill is stated after separate recognition of identifiable intangible assets calculated as the excess of the sum of the fair value of the consideration transferred over the acquisition date fair value of identifiable net assets. If the identifiable net assets exceed the consideration transferred, the excess amount is recognised in profit or loss immediately.

Any deferred settlement of cash consideration is discounted to its present value as at the date of acquisition. The discount rate used is the incremental borrowing rate that the Group can obtain from an independent financier under comparable terms and conditions.

Foreign Currency Exchange

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are charged/credited to other comprehensive income and recognised in the Group's foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation difference recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(d) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits at call which are readily convertible to cash and are not subject to significant risk of changes in value, net of bank overdrafts.

Publisher Account Cash represents share of advertising revenue held before release to Adslot Publishers.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Leasehold improvements are depreciated using the straight-line method over the remaining period of the underlying lease.

Depreciation is calculated on a straight line basis for all plant and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of asset and is recognised in profit or loss. The following depreciation rates are used for each class of depreciable asset:

Computer Equipment	33– 40% per annum
Plant & Equipment	20 – 33% per annum
Leasehold Improvements	20 – 100% per annum

(f) Receivables

Trade receivables are recognised initially at fair value and thereafter are measured at amortised cost, less provision for impairment. They are non-derivative financial assets with fixed or determinable amounts not quoted in an active market. Trade accounts receivable are generally settled between 14 and 60 days and carried at amounts recoverable.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

(g) Investments and other financial assets

Financial assets are recognised when the group entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured subsequent to recognition at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any other category of financial assets. Available-for-sale financial assets are measured at fair value. Gains or losses arising from changes in available-for-sale financial assets are presented in other comprehensive income in the period in which they arise.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(h) Trade and other creditors – financial liabilities

Trade accounts payable and other creditors represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(i) Borrowings

Borrowings are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method.

(j) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred except where they are incurred in the construction of a qualifying asset in which case the finance costs are capitalised as part of the asset.

(k) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities are always provided for in full.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(k) Income tax (Continued)

Tax consolidation legislation

Adslot Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Adslot Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

To the extent that it is not probable that taxable profit will be available in the foreseeable future against which the unused tax losses or unused tax credits can be utilised, the deferred tax assets of its own and its controlled entities are not recognised by Adslot Ltd.

(l) Employee benefits

Wages and salaries, annual leave and sick leave

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'provisions'. The Group does not discount the leave liability calculations as the Group expects all annual leave for all employees to be used wholly within 12 months of the end of reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in provisions for employee entitlements and is measured at the amount expected to be paid when the liabilities are settled. The liability for long service leave expected to be settled more than 12 months from the reporting date, is recognised in the non-current provision for employee benefits and is measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Share-based compensation benefits

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value at grant date is determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity-settled share-based payments is recognised as an expense, with a corresponding increase in equity (share-based payments reserve) on a straight line basis over the vesting period.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital while the proceeds received, net of any directly attributable transaction costs, and are credited to share capital.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(m) Intangible Assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (acquisition date). Goodwill is measured as the excess of the fair value of consideration paid over the fair value of the identifiable net assets of the entity or operations acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, being allocated to the cash flows of the relevant cash generating unit and is carried at cost less accumulated impairment losses. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

Research and development expenditure

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development costs is tested for impairment annually when the asset is not yet available for use or more frequently when an indicator of impairment arises during the reporting period.

Intellectual property

The intellectual property relates to the platform technology, branding and domains acquired as a result of the acquisition of Adslot, QDC IP Technology and Facilitate Digital businesses. Where the useful life is assessed as indefinite, assets are not amortised and the carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment. It is carried at cost less impairment losses. For those assets assessed as having a finite life, they are amortised on a straight-line basis over the estimated useful life of the asset. The expected accounting useful life of intellectual property relating to the Adslot, QDC IP Technology and Facilitate Digital business is 4 to 5 years.

Domain name

Acquired domain names are accounted for at cost, useful life is assessed as indefinite and the assets are not amortised. The carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment. They are carried at cost less impairment losses.

Software

Software represents internally developed software platforms capitalised according to accounting standards. Software is assessed as having a finite life and is amortised on a straight-line basis over the estimated useful life of the asset. The expected accounting useful life of software is 5 years.

The carrying value of the software is tested for impairment when an indicator of impairment arises during the reporting period.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(n) Leased assets

Leases of assets under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. This is distinct from operating leases under which the lessor effectively retains substantially all such risks and benefits. Property, plant and equipment acquired by finance leases are capitalised at the present value of the minimum lease payments as a finance lease asset and as a corresponding lease liability from date of inception of the lease. Lease assets are amortised over the period the entity is expected to benefit from the use of the assets or the term of the lease, whichever is shorter. Finance lease liabilities are reduced by the component of principal repaid. Lease payments are allocated between the principal component of the liability and interest expense.

Operating lease payments are charged to statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, duties and taxes paid.

Revenue is recognised for the major business activities as follows:

Rendering of services

Service revenue is recognised on an accruals basis as and when the service has been passed onto the customer.

Website development revenue is recorded based on project delivery. All projects are assigned percentages of project completion (based on actual work in progress) and all website development revenue applicable to percentage of incomplete work is recorded as unearned revenue.

Website hosting, SSL certificate and domain name registration revenue is recorded over a one year duration. While 30% of search engine optimisation renewal revenue is recorded as earned in first month of renewal contract, the remaining 70% revenue is recognised over a one year duration. Prepaid revenue calculated in this regard is excluded from revenue and is being treated as unearned revenue in the Consolidated Statement of Financial Position.

Adslot Publisher revenue is accounted for in accordance with AASB 118 *Revenue* such that only the portion of the media campaign that is retained by Adslot for their services is recorded as revenue. Where underlying campaigns selected by advertisers are served over a period a time, the portion that extends beyond the reporting period is not taken up as revenue. Where the funds for these campaigns are prepaid by advertisers those amounts are treated as unearned revenue in the Consolidated Statement of Financial Position.

Funds collected from advertisers and due to publisher clients are separated from company funds and are disclosed in the accounts as “Cash held on behalf of Publishers”. “Publisher Creditors” represents “Cash held on behalf of Publishers” and amounts due from advertisers that needs to be repaid to the publishers.

Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably, taking into account the effective yield on the financial asset.

Government grants

In accordance with AASB 120, government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Where appropriate grants relating to expense items are recognised as either other income or deducted in reporting the related expense, over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income and are amortised on a straight line basis over the expected lives of the assets.

Sale of non-current assets

The net gain from the sale of non-current asset sales is recognised as income at the date control of the asset passes to the buyer, usually when the signed contract of sale becomes unconditional.

(q) Leasehold improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(r) Earnings per share

Basic earnings per share

Basic earnings per share for continuing operations and total operations attributable to members of the Company are determined by dividing net profit after income tax from continuing operations and the net profit attributable to members of the Company respectively, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period. The number of shares used in the calculation at any time during the period is based on the physical number of shares issued.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Dividends

Provision is made for the amount of any dividend determined or recommended by the directors on or before the end of the financial year but not distributed at reporting date.

(t) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer.

Each of the operating segments is managed separately as each of these service lines requires different technologies, service different clients and sells different products. All inter-segment transactions are carried out at arm's length prices.

The Group reports its segments based on geographical locations:

- APAC – Australia, New Zealand and Asia;
- EMEA – Europe, the Middle East and Africa; and
- The Americas – North, Central and South America.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(v) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

In web development and web hosting business operations, management assesses stage of completion of each project and recognises revenue in the period in which development work is undertaken. In making its judgement, management considered the standard duration of such contracts, stage of progress in contracts and commencement date of such contracts. Accordingly, management has deferred recognising some web development and web hosting revenue of an estimated value of services to be rendered in the future.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the fair value less costs to sell of the cash-generating units to which goodwill and intangible assets have been allocated. Under the income based approach for fair value less costs to sell calculations the entity is required to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. The future cash flows included in the assessments are predicated largely on:

- the conversion of Symphony customers in to trading on Adslot platform ;
- the continued adoption of the *Adslot Marketplace* product; and
- the growth of *Symphony*.

In the event that these products do not generate revenues as planned an impairment of the related intangible assets may result.

The carrying amount of goodwill and intangible assets at the reporting date was $24,747,821 (2016: $26,759,567) and there were no impairment losses (2016: nil) recognised during the current financial year. Refer to Note 10 for further details.

Capitalisation of internally developed software

Distinguishing the research and development phases of software projects and determining whether the recognition requirements for the capitalisation of development costs are met, requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

The capitalisation of internally developed software amount for the year was $2,605,280 (2016: $1,336,540)

Share based payments

The calculation of the fair value of options issued requires significant estimates to be made in regards to several variables such as volatility and the probability of options reaching their vesting period. The estimations made are subject to variability that may alter the overall fair value determined. The share based payment expense for the year was $330,467 (2016: $440,138).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies (Continued)

(v) Critical accounting judgements and key sources of estimation uncertainty (Continued)

Unrecognised deferred tax assets

As disclosed in Note 5, the Group recognises deferred tax assets relating to temporary differences, capital losses or operating losses when it is probable that they will be able to be utilised in future reporting periods. Due to the continuing operating losses, the Directors have determined it is not appropriate to recognise deferred tax assets until a point in time where it is probable that future taxable income is going to be available to utilise the assets. The tax benefit of deferred tax assets not recognised is $9,562,457 (2016: $9,703,919).

Research and development tax concessions

A receivable of $2,706,250(2016: $2,317,658) has been recognised in relation to a research and development tax concession for the 2017 financial year. The actual claim is yet to be submitted with the Australian Tax Office and therefore there remains some uncertainty in regards to the quantum of the concession to be received. The financial statements reflect the Directors' estimate of the receivable after taking into account the likelihood of each component of the claim being received.

(w) New standards and interpretations issued but not effective

The following new or amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2018 or later periods, but have not yet been adopted by the Company.

AASB 9 Financial Instruments was issued and introduces changes in the classification and measurement of financial assets and financial liabilities, impairment of financial assets and new rules for hedge accounting. This standard becomes mandatory for the year ending 30 June 2019. The group has not yet completed its assessment of this new standard however based on the financial instruments held at balance date, this standard is not expected to have a material impact on the financial statements upon adoption.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This standard becomes mandatory for the year ending 30 June 2019. The potential effects on adoption of the standard are currently being assessed. From initial evaluation of the current contracts in place, the adoption of this standard is not expected to have a material impact on the on the financial statements. However the group has not yet completed its assessment of this standard.

AASB 16 Leases was issued and introduced changes to lessee accounting. It requires recognition of lease liabilities and assets other than short-term leases or leases of low-value assets on statement of financial position. This will replace the operating / finance lease distinction and accounting requirements prescribed in AASB 117 Leases. This standard becomes mandatory for the year ending 30 June 2020. The group has performed a preliminary evaluation of the implications of ASSB 16 and expects significant impact on the presentation and disclosure of some of the components within the financial statements, in particular the Financial Position. However, the group has not yet completed its assessment of this standard.

AASB 9, AASB 15 and AASB 16 are available for early adoption but have not been applied in this financial report.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

2. Segment Information

2017	APAC	EMEA	The Americas	Total
Operating segments				
Revenue for services rendered (i)	7,311,160	217,631	330,449	7,859,240
Segment result from continuing operations	(4,575,728)	(1,487,849)	(1,600,122)	(7,663,699)
Depreciation included in segment result (Note 9)	62,665	997	4,394	68,056
Amortisation included in segment result (Note 10)	4,617,026	-	-	4,617,026
Additions to non-current assets (PP&E) (Note 9)	232,293	1,372	12,810	246,475
Statement of Financial Position				
Segment assets	36,201,990	232,452	525,257	36,959,699
Segment liabilities	(15,257,765)	(103,487)	(146,682)	(15,507,934)

2016	APAC	EMEA	The Americas	Total
Operating segments				
Revenue for services rendered (i)	6,489,675	640,802	498,869	7,629,346
Segment result from continuing operations	(4,972,044)	(279,866)	(1,017,005)	(6,268,915)
Depreciation included in segment result (Note 9)	59,441	1,817	3,627	64,885
Amortisation included in segment result (Note 10)	4,866,072	-	-	4,866,072
Additions to non-current assets (PP&E) (Note 9)	51,853	1,766	4,906	58,525
Statement of Financial Position				
Segment assets	37,616,620	512,104	391,113	38,519,837
Segment liabilities	(16,037,783)	(103,966)	(49,610)	(16,191,359)

Segment revenue reconciles to total revenue from continuing operations as follows:

Revenue	2017 $	2016 $
Total segment revenue	$7,859,240	7,629,346
Head office revenue	-	30,600
Interest revenue	$324,136	75,332
Total revenue from continuing operations	$8,183,376	7,735,278

(i) Refer to Note 3 for a description Revenue.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

2. Segment Information (Continued)

A reconciliation from segment result to operating profit before income tax is provided as follows:

Segment Result	**2017 $**	**2016 $**
Total segment result	(7,663,699)	(6,268,915)
Interest revenue	324,136	75,332
Other revenue	823,640	778,504
Share option expenses	(330,467)	(440,138)
Gain / (Loss) on foreign exchange	(13,090)	35,486
Income tax benefit/(expense)	(11,842)	(22,139)
Profit/ (Loss) on sale/write off of asset	2,549	(1,624)
Other head office income/(expenses) not allocated in segment result	(1,761,414)	(2,294,991)
Loss before income tax from continuing operations	(8,630,187)	(8,138,485)

Reportable segment assets are reconciled to total assets as follows:

Segment assets	**2017 $**	**2016 $**
Total segment assets	36,959,699	38,519,837
Head office assets	57,425,836	47,795,613
Intersegment eliminations	(50,351,832)	(50,348,732)
Total assets as per the statement of financial position	44,033,703	35,966,718

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	**2017 $**	**2016 $**
Total segment liabilities	(15,507,934)	(16,191,359)
Head office liabilities	(669,670)	(526,358)
Intersegment eliminations	12,373,831	12,370,526
Total liabilities as per the statement of financial position	(3,803,773)	(4,347,191)

The Company's Total Revenue and Other Income (Note 3) and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2017 $		**2016 $**	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	$7,184,931	$25,010,590	6,034,933	26,810,189
New Zealand	$496,203	$1,411	576,596	2,346
USA	$330,449	$12,975	498,869	4,739
Other countries	$995,433	$6,266	1,403,384	47,488
Total	$9,007,016	$25,031,242	8,513,782	26,864,762

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

2. Segment Information (Continued)

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, New Zealand and the USA, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

Notes to and forming part of the segment information

Business segments

The Group reports its segments based on geographical locations:

- APAC – Australia, New Zealand and Asia;
- EMEA – Europe, the Middle East and Africa; and
- The Americas – North, Central and South America.

Accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment profit represents the profit earned by each segment without investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, capitalised R&D and other intangible assets, net of related provisions but do not include non-current inter-entity assets and liabilities which are considered quasi-equity in substance.

Segment liabilities consist primarily of trade and other creditors, employee benefits and sundry provisions and accruals. Segment assets and liabilities do not include income taxes.

Inter-segment transfers

Segment revenue reported above represents revenue generated from external customers. There were no Inter segment revenue transfers or expenses to be eliminated on consolidation (2016: nil)

Major customers

The Group provides services to and derives revenue from a number of customers across all the divisions. The Group had certain customers whose revenue individually represented 10% or more of the Company's total revenue

For the year to 30 June 2017, one customer accounted for 10% of revenue (2016: one).

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

3. Revenue and Other Income

	2017 $	2016 $
Revenue		
Revenue from Trading Technology	5,379,387	4,227,677
Revenue from Services	1,871,159	2,532,188
Revenue from Adserving	608,694	900,081
Total revenue for services rendered	7,859,240	7,659,946
Interest income	324,136	75,332
Total revenue from continuing operations	8,183,376	7,735,278
Other income		
Grant income	823,640	778,504
	823,640	778,504
Total revenue and other income	9,007,016	8,513,782

Revenue derived from the three product lines are described as follows:

Trading Technology

Comprises *Adslot*, a leading global media trading technology, and *Symphony*, market-leading workflow automation technology, purpose built for digital media agencies.

Services

Comprising marketing services that are provided by the company's *Webfirm* division to SME clients and project-based customisation of *Trading Technology*.

Adserving

Technology that enables advertisers to deliver and measure the performance of online display advertising (including impressions, clicks and online sales).

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

4. Expenses

	2017 $	2016 $
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation – Leasehold improvements	5,848	17,152
Amortisation – Software development costs	4,617,026	4,866,072
Depreciation – Plant & equipment	62,208	47,733
Total depreciation and amortisation	4,685,082	4,930,957
Other charges against assets		
Impairment of trade receivables	17,747	28,240
Capitalised development wages (net of related grants)	2,605,280	1,336,540
Development wages expensed in the period	1,921,942	2,181,628
Total Development wages	4,527,222	3,518,168
Rental expense – operating leases	1,074,702	941,552
Defined contribution superannuation expense	780,067	622,406
Foreign currency (gain) / loss	13,090	(35,486)

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

5. Income Tax Expense

a) Numerical reconciliation of income tax expense to prima facie tax benefit

	2017 $	2016 $
Loss before income tax	(8,600,201)	(8,116,346)
Prima facie tax benefit on loss before income tax at 27.5% (2016: 30%)	(2,365,055)	(2,434,904)
Tax effect of:		
Other non-allowable items	11,789	8,154
Share based expensed during year	90,878	132,041
Research and development tax concession	1,710,848	1,545,105
Income tax benefit attributable to entity	(551,540)	(749,604)
Deferred tax income relating to utilisation of unused tax losses	-	-
Deferred tax assets relating to tax losses not recognised	667,198	1,068,079
Other – adjustments and net foreign exchange differences	(145,644)	(296,336)
Income tax (benefit)/expense attributable to entity	29,986	22,139

b) Movement in deferred tax balances

	Balance at 1 July 2016 $	Recognised in Profit & Loss $	Acquired in Business combination $	Balance at 30 June 2017: Net $	Balance at 30 June 2017: Deferred tax assets $	Balance at 30 June 2017: Deferred tax liabilities $
Trade and other receivables	(125,957)	10,496	-	(115,461)	-	(115,461)
Property, plant and equipment	199	(17)	-	182	-	182
Intangible assets	165,435	(13,786)	-	151,649	-	151,649
Unused tax losses	(39,677)	3,307	-	(36,370)	(36,370)	-
Net tax (assets) / liabilities	-	-	-	-	(36,370)	36,370

	Balance at 1 July 2015 $	Recognised in Profit & Loss $	Acquired in Business combination $	Balance at 30 June 2016: Net $	Balance at 30 June 2016: Deferred tax assets $	Balance at 30 June 2016: Deferred tax liabilities $
Trade and other receivables	(125,957)	-	-	(125,957)	-	(125,957)
Property, plant and equipment	199	-	-	199	-	199
Intangible assets	165,435	-	-	165,435	-	165,435
Unused tax losses	(39,677)	-	-	(39,677)	(39,677)	-
Net tax (assets) / liabilities	-	-	-	-	(39,677)	39,677

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

5. Income Tax Expense (Continued)

c) Deferred tax assets not brought to account

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

	2017 $	2016 $
Temporary differences	(4,512,568)	(4,240,800)
Tax Losses:		
Operating losses	39,046,882	36,348,938
Capital losses	238,258	238,258
	34,772,572	32,346,396
Potential tax benefit (27.5% 2016: 30%)	9,562,457	9,703,919

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Adslot Ltd.

6. Dividends

The Company did not declare any dividends in the current year or prior year. There are no franking credits available to shareholders of the Company.

7. Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank and on hand	13,681,124	3,493,749
Cash held on behalf of Publishers	639,023	1,252,220
	14,320,147	4,745,969

Included in the Cash at Bank is $833,097 (2016:$ 365,877) of funds held on term deposit as guarantee for our corporate credit card facilities and for the benefit of landlords under office lease agreements.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

8. Trade and Other Receivables

	2017	2016
Current:	**$**	**$**
Trade debtors	1,526,780	1,915,712
Less: Allowance for impairment	(2,814)	(161,683)
	1,523,966	1,754,029
Research and Development grant receivable	2,706,250	2,317,658
Other receivables	176,002	58,232
Prepayments	279,403	226,068
	4,685,621	4,355,987

The average age of the Company's trade receivables is 49 days (2016: 63 days).

(a) Ageing of past due but not impaired

	2017	2016
	$	$
0 – 30 days	141,220	75,994
31 – 60 days	70,035	29,976
61 – 90 days	24,600	4,032
Over 91 days	517	4,700
	236,372	114,702

(b) Movement in the provision for impairment

	2017	2016
	$	$
Balance at beginning of the year	161,683	241,074
Impairment recognised during the year	54,852	12,369
Amounts written off as uncollectible	(206,031)	(92,011)
Amounts recovered during the year	(7,690)	(1,873)
Net foreign exchange differences	-	2,124
Balance at the end of the year	2,814	161,683

In determining the recoverability of a trade receivable, the Company considers any recent history of payments and the status of the projects to which the debt relates. No payment terms have been renegotiated. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further provision required in excess of the allowance for impairment.

Fair value of receivables

Fair value of receivables at year end is measured to be the same as receivables net of the allowance for impairment.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

9. Non-Current Assets – Property, Plant and Equipment

	2017 $	2016 $
Leasehold improvements – at cost	133,010	104,280
Less: Accumulated amortisation	(110,020)	(104,172)
	22,990	108
Plant and equipment – at cost	156,190	152,970
Less: Accumulated depreciation	(131,481)	(149,069)
	24,709	3,901
Computer equipment – at cost	497,285	332,767
Less: Accumulated depreciation	(301,240)	(271,258)
	196,045	61,509
Total carrying amount of property, plant and equipment	243,744	65,518

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2017

	Leasehold Improvements $	Plant and Equipment $	Computer Equipment $	Total $
Carrying amount at 1 July 2016	108	3,901	61,509	65,518
Additions	28,730	27,838	189,907	246,475
Depreciation / amortisation expense	(5,848)	(7,030)	(55,178)	(68,056)
Net foreign exchange differences	-	-	(193)	(193)
Carrying amount at 30 June 2017	22,990	24,709	196,045	243,744

2016

	Leasehold Improvements $	Plant and Equipment $	Computer Equipment $	Total $
Carrying amount at 1 July 2015	17,260	19,618	37,418	74,296
Additions	-	3,954	54,571	58,525
Disposals/Write Offs	-	-	(1,624)	(1,624)
Depreciation / amortisation expense	(17,152)	(19,671)	(28,062)	(64,885)
Net foreign exchange differences	-	-	(794)	(794)
Carrying amount at 30 June 2016	108	3,901	61,509	65,518

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

10. Non-Current Assets – Intangible Assets

	Internally Developed Software $	Domain Name $	Intellectual Property $	Goodwill $	Total $
Year ended 30 June 2017					
Opening net book amount	3,375,131	38,267	8,184,230	15,161,939	26,759,567
Acquisitions	2,605,280	-	-	-	2,605,280
Amortisation	(1,258,508)	-	(3,358,518)	-	(4,617,026)
Carrying amount at 30 June 2017	4,721,903	38,267	4,825,712	15,161,939	24,747,821
At 30 June 2017					
Cost	7,941,028	38,267	29,045,250	15,161,939	52,186,484
Accumulated amortisation and impairment	(3,219,125)	-	(24,219,538)	-	(27,438,663)
Carrying amount at 30 June 2017	4,721,903	38,267	4,825,712	15,161,939	24,747,821

	Internally Developed Software $	Domain Name $	Intellectual Property $	Goodwill $	Total $
Year ended 30 June 2016					
Opening net book amount	2,990,943	38,267	12,097,950	15,161,939	30,289,099
Acquisitions	1,336,540	-	-	-	1,336,540
Amortisation	(952,352)	-	(3,913,720)	-	(4,866,072)
Carrying amount at 30 June 2016	3,375,131	38,267	8,184,230	15,161,939	26,759,567
At 30 June 2016					
Cost	5,335,748	38,267	29,045,250	15,161,939	49,581,204
Accumulated amortisation and impairment	(1,960,617)	-	(20,861,020)	-	(22,821,637)
Carrying amount at 30 June 2016	3,375,131	38,267	8,184,230	15,161,939	26,759,567

10. Non-Current Assets – Intangible Assets (Continued)

Internally Developed Software

Internally developed software represents a number of software platforms developed within the Company. The following table shows the portion of platform development costs that are capitalised and expensed for the current financial year, 2017:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	$	$	$
Adslot Publisher and Marketplace	1,169,600	(508,776)	660,824
Symphony	3,248,673	(1,413,173)	1,835,500

The following table shows the portion of platform development costs that are capitalised and expensed for the prior financial year, 2016:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	$	$	$
Adslot Publisher and Marketplace	1,178,560	(530,352)	648,208
Symphony	1,251,513	(563,181)	688,332

The Directors have assessed the accounting useful life of these internally developed software systems, for accounting purposes, to be five years. This assessment has given regard to the expected financial benefits of the technology.

Domain names

Domain names opening carrying value of $38,267 (2016: $38,267) relates to the various domain names held by Webfirm and Adslot. The Directors have assessed that this intellectual property has an indefinite useful life on the basis that the Directors do not believe that there is a foreseeable limit on the period over which this asset is expected to generate cash inflows for the entity.

Intellectual property

Adslot Technologies Pty Ltd ("Adslot") holds valuable copyright and patent licences ("Licences") in respect of Combinatorial Auction Platform Technology ("CAP" or "Core IP") owned by Enterprise Point Pty Ltd and its controlled entities ("Enterprise"). $5,932,006 (2016: $5,932,006) of the opening balance relates to this "CAP" technology. Accumulated amortisation of this asset as at 30 June 2017 was $5,932,006 (2016: $5,932,006). This asset has been fully amortised.

QDC IP Technology ("QDC") is creative ad building and video advertising technology with licences to the Core IP valued at $6,466,517 (2016: $6,466,517) in the opening balance and attached to the Adslot CGU. Accumulated amortisation of this asset as at 30 June 2017 was $6,466,517 (2016: $5,904,904). This asset was fully amortised during the year.

The Symphony platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the Symphony technology platform intellectual property was $16,191,496 (2016: $16,191,496). Accumulated amortisation of this asset at 30 June 2017 was $11,413,471 (2016: $8,175,172). This asset has a remaining useful life for accounting purposes of one and a half years.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

10. Non-Current Assets – Intangible Assets (Continued)

Intellectual property (Continued)

The Facilitate for Agencies ("FFA") platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the FFA technology platform intellectual property was $455,231 (2016: $455,231). Accumulated amortisation of this asset at 30 June 2017 was $407,545 (2016: $287,325). This asset has a remaining useful life for accounting purposes of 3 months which is in line with the planned decommissioning of FFA product.

With the exception of FFA, the Directors have assessed the accounting useful life of all of the above technologies for accounting purposes to be five years. This assessment has given regard to the expected financial benefits of the technologies to be potentially well beyond a five year period, together with the risk that competitors could replicate these technologies and in light of the Company's ongoing commitment to research and development of the Core IP.

Goodwill

The Goodwill balance relating to the acquisition of Facilitate has an attributed fair value of $15,161,939 and has not been impaired.

(a) Cash Generating Units (CGUs)

For the purpose of impairment testing, goodwill has been allocated to the group of CGUs that are expected to benefit from the acquisition, being both the Adslot and Symphony CGUs. A summary of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

	2017		2016	
CGU	**Goodwill $**	**Intangible assets with indefinite useful lives $**	**Goodwill $**	**Intangible assets with indefinite useful lives $**
Adslot and Symphony CGUs	**15,161,939**	-	15,161,939	-

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

10. Non-Current Assets – Intangible Assets (Continued)

Intellectual property (Continued)

(b) Impairment testing and key assumptions

The Group tests whether goodwill and other intangible assets have suffered any impairment in accordance with the Group's accounting policies. The recoverable amounts of assets and CGUs have been determined using a fair value less costs to sell approach. The directors have assessed the fair value having regard to both an income based approach (discounted cash flow projections), and market based approach, and both assessments have determined the goodwill is not impaired.

The most significant judgements and key assumptions pertaining to the cash flow projections are:

- Conversion of a proportion of Symphony customers onto the Adslot platform resulting in significant revenue generation through integration of these CGUs;
- Expected growth from new customers;
- Average fees generated from customers;
- Post-tax discount rate of 18%.

The integration revenues remain a relatively new innovation for the Group, and accordingly the lack of historical revenues across this platform has required the Group to make significant estimations of the revenue growth that can be reasonably expected across the forecast period. The directors' determination of fair value using a market based approach is the market capitalisation of the Group, less the value attributed to business units that are not part of the group of CGUs attributed to goodwill, less other net assets. This is based on level 2 inputs of the Fair Value Hierarchy as defined in AASB 13.

(c) Sensitivity analysis

Future net cash flows adopted for the income based approach are subject to the key assumptions noted above, which are inherently uncertain given the nature of the business, and thus challenging to reliably forecast. A material adverse change in the revenue projections would likely result in the carrying amount exceeding the recoverable amount.

There are no material sensitivities involved in the directors' determination of fair value using a market based approach.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

11. Trade and Other Payables

	2017 $	2016 $
Trade creditors	417,008	293,196
Publisher creditors (i)	807,179	1,252,220
Other creditors	1,028,394	1,431,111
	2,252,581	2,976,527

(i) Refer to Note 1(p) for further information on publisher creditors.

12. Other Liabilities

	2017 $	2016 $
Current:		
Unearned revenue (i)	583,759	557,878
	583,759	557,878

(i) Unearned revenue relates to website development and hosting invoices that are rendered based on full contract terms at the contracts' inception, however performed over stages which straddle the reporting date, licence fees billed in advance and advertising campaigns that have been purchased but whose delivery will occur after the reporting date.

13. Provisions

	2017 $	2016 $
Current:		
Employee benefits	605,590	457,522
Non-current:		
Employee benefits	325,473	315,587

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

14. Contributed equity

	2017 Number	2016 Number	2017 $	2016 $
Ordinary Shares – Fully Paid	1,280,918,427	1,113,323,224	137,949,047	120,693,650

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the numbers of shares.

At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in Paid-Up Capital

Date	Details	Number of shares	Issue price	Capital raising costs	Value
		Number	$	$	$
01-Jul-15	Balance (including Treasury shares)	1,056,750,756		(1,252,222)	116,465,418
27-08-2015	Issue of shares – Performance Rights vesting	2,520,377	$0.074	(2,214)	184,294
13-04-2016	Share Placement	57,500,000	$0.080	(217,620)	4,382,380
30-Jun-16		1,116,771,133		(1,472,056)	121,032,092
	Less: Treasury shares	(3,447,909)		-	(338,442)
30-Jun16	Balance	1,113,323,224		(1,472,056)	120,693,650
01-Jul-16	Balance (including Treasury shares)	1,116,771,133		(1,472,056)	121,032,092
01-09-2016	Issue of shares – Performance Rights vesting	3,424,524	$0.102	(3,781)	344,479
28-09-2016	Share Placement	101,900,000	$0.110	(651,251)	10,557,749
24-10-2016	Rights Issue	62,233,112	$0.110	(492,681)	6,352,961
30-Jun-17		1,284,328,769		(2,619,769)	138,287,281
	Less: Treasury shares	(3,410,342)		-	(338,234)
30-Jun17	Balance	1,280,918,427		(2,619,769)	137,949,047

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

14. Contributed equity (Continued)

Treasury Shares

Treasury shares are shares in Adslot Ltd that are held by the Adslot Employee Share Trust, which administers the Adslot Employee Share Ownership Plan (ESOP). This Trust has been consolidated in accordance with Note 1(c). Shares held by the Trust on behalf of eligible employees are shown as treasury shares in the financial statements. Shares issued under this scheme will, subject to the provision of the Trust deed, rank equally in all respects and will have the same rights and entitlements as ordinary shares under the Constitution of the Company.

Treasury Shares movements during the financial year are summarised below:

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Balance at end of the year (Number)
Employee ESOP	16/06/14	0.105	1,000,000	-	-	1,000,000
Employee ESOP	1/05/15	0.090	2,342,775	-	(200,000)	2,142,775
Employee ESOP	27/08/15	0.080	135,134	-	(67,567)	67,567
Employee ESOP	01/09/16	0.125	-	250,000	(50,000)	200,000
			3,477,909	250,000	(317,567)	3,410,342

Rights over shares movements during the financial year are summarised below:

Issue Type	Required VWAP Price $	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Vested during the year (Number)	Balance at the end of the year (Number)
Rights over shares	0.200	3,000,000	-	-	-	3,000,000
Rights over shares	0.300	4,000,000	-	-	-	4,000,000
Rights over shares	0.400	5,000,000	-	-	-	5,000,000
Rights over shares	0.500	5,000,000	-	-	-	5,000,000
		17,000,000	-	-	-	17,000,000

Performance rights movements during the financial year are summarised below:

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
Performance Rights	26/11/14	Nil	5,309,523	-	(3,059,524)	(2,249,999)	-
Performance Rights	26/08/15	Nil	1,955,000	-	(365,000)	(500,000)	1,090,000
Performance Rights	27/06/16	Nil	600,000	-	(200,000)	-	400,000
Performance Rights	01/09/16	Nil	-	8,300,000	-	(550,000)	7,750,000
			7,864,523	8,300,000	(3,624,524)	(3,299,999)	9,240,000

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

15. Reserves

	2017 $	2016 $
Reserves		
Share–based payments reserve	279,117	297,118
Foreign currency translation reserve	110,812	107,618
	389,929	404,736

	2017 $	2016 $
Share–based payments reserve		
Opening balance	297,118	1,069,631
Reclassification vested ESOP	(348,468)	(1,212,651)
Share based payment expense	330,467	440,138
Closing balance	279,117	297,118

	2017 $	2016 $
Foreign currency translation reserve		
Opening balance	107,618	118,357
Movement on currency translation	3,194	(10,739)
Closing balance	110,812	107,618

The Share-based payments reserve is used to record the value of options accounted for in accordance with AASB2: *Share Based Payments.*

The foreign currency translation reserve is used to record the value of aggregate movements in the translation of foreign currency in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates.*

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

16. Earnings Per Share

	2017 Cents	2016 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company	(0.70)	(0.77)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company	(0.70)	(0.77)

	2017 $	2016 $
(c) Reconciliation of earnings used on calculating earnings per share (i)		
Loss from continuing operations attributable to the members of the Company used on calculating basic and diluted earnings per share	(8,630,187)	(8,138,485)

	2017 Number	2016 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of basic EPS	1,235,331,383	1,062,178,629

	2017 Number	2016 Number
(e) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of diluted EPS	1,235,331,383	1,062,178,629

(i) During 2017 and 2016 there were no discontinued operations or values attributable to minority interests.

	2017 Number	2016 Number
Weighted average number of rights and options that could potentially dilute basic earnings per share in the future, but are not included in the calculation of diluted EPS because they are anti-dilutive for the period presented.	1,080,115	5,593,259

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

17. Contingencies

No contingent assets or liabilities are noted.

18. Commitments

	2017 $	2016 $
Operating lease commitments		
Total operating lease expenditure contracted for at reporting date but not capitalised in the financial statements payable:		
Within 1 year	555,047	778,375
Between 1 and 5 years	1,273,533	176,879
	1,828,580	955,254

The lease commitments detailed above relate to rental premises and lease rental of printer/copier.

Capital commitments

The Group and the Company have not entered any capital expenditure contracts at reporting date that are not recognised as liabilities on the Statement of Financial Position.

19. Remuneration of auditors

	2017 $	2016 $
During the year the following fees were paid/payable to the auditor of the Company:		
Audit services		
Audit and review of financial reports	109,000	109,000
During the year the following fees were paid/payable to a related entity of the auditor of the company:		
Other services		
Taxation compliance, groupm compliance audit, ASIC special purpose accounts for Symphony International Solutions Limited and Research and Development grant advice	64,300	13,500
	173,300	122,500

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

20. Key Management Personnel Disclosures

Directors

The following persons were directors of the Company during the financial year:

Mr Andrew Barlow (Non-Executive Chairman)

Mr Adrian Giles (Non-Executive Director)

Mr Ian Lowe (Executive Director & CEO)

Mr Ben Dixon (Executive Director)

Mr Geoff Dixon (Non-Executive Director) Resigned 01 December 2016

Mr Quentin George (Non-Executive Director)

Ms Sarah Morgan (Non-Executive Director)

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position
Mr Brendan Maher	Chief Financial Officer and Company Secretary
Mr Tom Peacock	Group Commercial Director

Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	1,338,681	1,271,191
Post-employment benefits	92,669	96,094
Other long-term employee benefits (i)	(4,603)	22,342
Share based payments	72,774	249,666
Total compensation (a)	1,499,521	1,639,293

(i) Other long-term employment benefits include a long service leave provision reversal brought forward from 2016 in relation to Mr. Brendan Maher. He tendered his resignation in April 2017, as such will not be entitled to any long service leave payout based on Long Service Leave Act 1992 No. 83 of the Victoria State legislation.

a) There were 9 key management personnel throughout 2017, some of whom have a part year of service (2016: 9).

Business Acquisitions:

There were no related party transactions during the year ended 30 June 2017.

Transactions with Directors and their personally related entities:

During the year there were no transactions with Directors and their personally related entities. 2016 included revenue to the value of $353 from a Publisher related to Mr Ben Dixon and Mr Geoff Dixon on normal commercial terms and conditions.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

21. Share Based Payments

Employee Share Ownership Plan (ESOP)

In November 2012 the Company gained approval to establish an employee incentive scheme comprising the Adslot Limited Share Option Plan and the Adslot Employee Share Trust.

Awards of rights to shares are available to be issued to eligible employees based on the performance against agreed key performance indicators. Any rights awarded are subject to a two-year service period and if this service period is not met, the rights to shares will be forfeited by the eligible employee. Shares held by the Trust under the scheme will have voting and dividend rights, and the right to participate in further issues pro-rata to all ordinary shareholders.

ESOP rights to shares are valued using the Binomial option-pricing model.

The volatility calculation is based upon historical share price information for the same period as the option life to the date that the options were granted.

The following tables shows grants of share-based compensation to employees under the ESOP for the current financial year and the model inputs:

2017

Grant Date	Escrow End Date	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
15/06/14	15/06/15	0.105	250,000	-	-	-	250,000	250,000
15/06/14	2016-2018	0.105	750,000	-	-	-	750,000	499,992
27/08/15	07/09/16	0.080	67,567	-	(67,567)	-	-	-
27/08/15	07/09/17	0.080	67,567	-	-	-	67,567	-
Total			1,135,134	-	(67,567)	-	1,067,567	749,992
Weighted average share price			$0.102	-	$0.080	-	$0.103	$0.105
Weighted average remaining contractual life at 30 June 2017 (days)								159

No ESOP rights to shares were granted during the year ended 30 June 2017.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

21. Share Based Payments (continued)

2016

Grant Date	Escrow End Date	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
09/07/13	09/07/15	0.042	666,667	-	(666,667)	-	-	-
05/09/13	05/09/15	0.061	2,902,935	-	(2,889,153)	(13,782)	-	-
24/12/13	24/12/15	Converted Right	3,000,000	-	(3,000,000)	-	-	-
28/01/14	24/01/16	0.120	176,928	-	(176,928)	-	-	-
06/03/14	04/03/16	0.090	4,845,045	-	(4,845,045)	-	-	-
15/06/14	15/06/15	0.105	250,000	-	-	-	250,000	250,000
15/06/14	2016-2018	0.105	750,000	-	-	-	750,000	249,996
10/07/14	08/07/16	0.100	666,667	-	-	(666,667)	-	-
08/09/14	07/09/16	0.155	96,523	-	-	(96,523)	-	-
10/07/15	09/07/17	0.086	-	666,666	-	(666,666)	-	-
27/08/15	07/09/16	0.080	-	67,567	-	-	67,567	-
27/08/15	07/09/17	0.080	-	67,567	-	-	67,567	-
Total			13,354,765	801,800	(11,577,793)	(1,443,638)	1,135,134	499,996
Weighted average share price			$0.064	$0.085	$0.083	$0.097	$0.102	$0.105
Weighted average remaining contractual life at 30 June 2016 (days)								341

The model inputs for ESOP rights to shares granted during the year ended 30 June 2016 included:

Model Input	**ESOP #16-1**	**ESOP #16-3**	**ESOP #16-3**
Grant Date	10/07/15	27/08/15	27/08/15
Escrow End Date	8/07/17	7/09/16	7/09/17
Exercise Price	-	-	-
Price at Grant Date	$0.086	$0.08	$0.08

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

21. Share Based Payments (continued)

Performance Rights over Shares

Shareholders approved at the November 2014 Annual General Meeting the creation of Performance Rights over Shares which enables the Board to offer eligible employees the right to Performance Rights which convert to shares subject to the employee's performance against certain performance criteria. No amounts are paid or payable by the recipient on receipt of the right. The rights carry no voting rights. All rights are subject to service periods which require the employees remain an employee of the Company.

The following table shows grants and movements of share-based compensation to employees under the Performance Rights over Shares Plan during the current financial year:

Grant Date	Assessment period	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
26/11/14	2 years	0.105	5,309,523	-	(3,059,524)	(2,249,999)	-	-
26/08/15	2 years	0.074	1,955,000	-	(365,000)	(500,000)	1,090,000	-
27/06/16	2 years	0.100	600,000	-	(200,000)	-	400,000	-
01/09/16	1 year	0.125	-	250,000	-	-	250,000	
01/09/16	2 years	0.125	-	8,050,000	-	(550,000)	7,500,000	-
Total			7,864,523	8,300,000	(3,624,524)	(3,299,999)	9,240,000	-

The model inputs for Performance Rights to shares granted during the year ended 30 June 2017 included:

Model Input	PR # 17-1	PR # 17-2	PR # 17-3	PR # 17-4
Grant Date	01/09/16	01/09/16	01/09/16	01/09/16
Assessment Period	2 years	2 years	2 years	1 year
Exercise Price	-	-	-	-
Probability of Conversion to Shares	50%	50%	10%	25%
Price at Grant Date	$0.125	$0.125	$0.125	$0.125

The Performance Rights over Shares issued in 2016.

Grant Date	Assessment period	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
26/11/14	2 years	0.105	10,750,000	-	(2,520,377)	(2,920,100)	5,309,523	-
26/08/15	2 years	0.074	-	2,660,000	-	(705,000)	1,955,000	-
27/06/16	2 years	0.100	-	600,000	-	-	600,000	-
Total			10,750,000	3,260,000	(2,520,377)	(3,625,100)	7,864,523	-

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

21. Share Based Payments (continued)

The model inputs for Performance Rights to shares granted during the year ended 30 June 2016 included:

Model Input	PR # 16-1	PR # 16-2	PR # 16-3	PR # 16-4
Grant Date	26/08/15	26/08/15	26/08/15	27/06/16
Assessment Period	2 years	2 years	2 years	2 years
Exercise Price	-	-	-	-
Probability of Conversion to Shares	10%	20%	25%	50%
Price at Grant Date	$0.074	$0.074	$0.074	$0.100

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

21. Share Based Payments (continued)

Rights over Shares

Upon commencement of employment (8 October 2012) Mr Lowe was granted the right to receive the following shares after the share price of the Company trades above a 30 day volume-weighted average price (VWAP) as per the table below. Each right would convert into one ordinary share of Adslot Ltd when the VWAP criteria is met. In the event of a Change of Control of the Company some of these Rights would vest on a sliding scale between the take over price and required VWAP of the next eligible series.

No amounts are paid or payable by the recipient on receipt of the right. The rights carry no voting rights. Some rights are subject to escrow per the below table and all rights are subject to Mr Lowe remaining an employee of the Company.

No Rights over Shares were issued in 2017. The following table shows movement in the Rights over Shares for the current financial year:

2017

Issue Date	Required VWAP Price $	Escrow Required from award	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Vested during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
8-Oct-2012	0.20	2 years	64,500	3,000,000	-	-	-	3,000,000
8-Oct-2012	0.30	-	66,000	4,000,000	-	-	-	4,000,000
8-Oct-2012	0.40	-	73,000	5,000,000	-	-	-	5,000,000
8-Oct-2012	0.50	-	63,500	5,000,000	-	-	-	5,000,000
Total			267,000	17,000,000	-	-	-	17,000,000

2016

Issue Date	Required VWAP Price $	Escrow Required from award	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Vested during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
8-Oct-2012	0.20	2 years	64,500	3,000,000	-	-	-	3,000,000
8-Oct-2012	0.30	-	66,000	4,000,000	-	-	-	4,000,000
8-Oct-2012	0.40	-	73,000	5,000,000	-	-	-	5,000,000
8-Oct-2012	0.50	-	63,500	5,000,000	-	-	-	5,000,000
Total			267,000	17,000,000	-	-	-	17,000,000

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

22. Cash Flow reconciliation

	2017 $	2016 $
Reconciliation of Net Cash Flows from Operating Activities to Loss for the year		
Loss for the year after income tax	(8,630,187)	(8,138,485)
Depreciation and amortisation	4,685,082	4,930,957
Share based payment	330,467	440,138
Impairment of receivables	17,747	28,240
(Profit)/Loss on asset write off	(2,549)	1,624
Unrealised foreign currency loss / (gain)	8,240	22,250
Movements in receivables relating to investing activities	338,771	(132,744)
Changes in assets and liabilities (net of effects of acquisition and disposal of entities)		
(Increase)/Decrease in receivables	(329,634)	74,415
(Decrease)/Increase in payables and other provisions	(540,111)	20,938
Net cash outflow from operating activities	(4,122,174)	(2,752,667)

23. Financial Risk Management

The Group's operations expose it to various financial risks including market, credit, liquidity and cash flow risks. Risk management programmes and policies are employed to mitigate the potential adverse effects of these exposures on the results of the Group.

Financial risk management is carried out by the Chief Financial Officer with oversight provided by the Audit & Risk Committee and Board.

(a) Market risks

Market risks include foreign exchange risk, interest rate risk and other price risk. The Group's activities expose it to the financial risks of changes in foreign currency, interest rate risk relating to interest earned on cash and cash equivalents.

Disclosures relating to foreign currency risks are covered in Note 23(d) and interest rate risk is covered in Note 23(e). The Group does not have formal policies that address the risks associated with changes in interest rates or changes in fair values on available-for-sale financial assets.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, other than investments, of the Group which have been recognised in the Consolidated Statement of Financial Position is the carrying amount net of any provision for doubtful debts.

The Group has no significant concentrations of credit risk. As disclosed in Note 8(a), 'Impairment of receivables', the Group has policies in place to ensure that sales of services are made to customers with appropriate credit history. Before accepting any new customers, the Group internally reviews the potential customer's credit quality. A substantial deposit on contract in website development and hosting segment of the Group mitigates initial credit risk.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

23. Financial Risk Management (Continued)

The Group held the following financial assets with potential credit risk exposure:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	14,320,147	4,745,969
Trade debtors and Other receivables (Note 8)	4,685,621	4,291,602
	19,005,768	9,037,571

(c) Liquidity risk

	2017 $	2016 $
Financial liabilities		
Trade and other payables	2,252,581	2,976,527

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying business, the Board aims at maintaining flexibility in funding by keeping committed credit lines and sufficient cash available.

All financial liabilities are expected to be settled within 12 months of the reporting date, per the contractual terms of the obligations.

(d) Foreign currency risk

Most of the Group's transactions are carried out in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group's overseas operations which are primarily denominated in US dollars (USD), Pound Sterling (GBP), Euros (EUR), New Zealand dollars (NZD), Chinese Yuan (CNY) and Malaysian Ringgit (MYR).

Foreign currency exposure is monitored by the Board on a monthly basis.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	USD A$	GBP A$	EUR A$	NZD A$	CNY A$	MYR A$
30 June 2017						
Financial Assets	1,337,881	207,753	30,483	54,144	25,103	9,165
Financial Liabilities	(468,983)	(167,148)	(24,221)	(43,490)	(23,432)	-
Total Exposure	868,898	40,605	6,262	10,654	1,671	9,165
30 June 2016						
Financial Assets	905,527	374,099	119,800	99,372	61,808	612
Financial Liabilities	(667,983)	(280,936)	(34,392)	(48,840)	(16,752)	-
Total Exposure	237,544	93,163	85,408	50,532	45,056	612

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

23. Financial Risk Management (Continued)

The following table illustrates the sensitivity on profit and equity in relation to the Group's financial assets and liabilities and the USD/AUD exchange rate, GBP/AUD exchange rate, EUR/AUD exchange rate, NZD/AUD exchange rate and CNY/AUD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the following exchange rates for the year ended 30 June 2017 (30 June 2016:10%).

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. There is no Equity exposure to foreign currency risk.

	+10%						
30 June 2017	**USD A$**	**GBP A$**	**EUR A$**	**NZD A$**	**CNY A$**	**MYR A$**	**Total A$**
Impact on Profit	(46,353)	4,151	(363)	6	102	(833)	(43,290)
Impact on Reserves	(32,638)	(7,842)	(206)	(975)	(254)	-	(41,915)
Impact on Equity	(78,991)	(3,691)	(569)	(969)	(152)	(833)	(85,205)
30 June 2016							
Impact on Profit	9,020	17,239	(1,438)	302	(3,441)	(56)	21,626
Impact on Reserves	(30,615)	(25,708)	(6,326)	(4,896)	(655)	-	(68,200)
Impact on Equity	(21,595)	(8,469)	(7,764)	(4,594)	(4,096)	(56)	(46,574)

	-10%						
30 June 2017	**USD A$**	**GBP A$**	**EUR A$**	**NZD A$**	**CNY A$**	**MYR A$**	**Total A$**
Impact on Profit	56,653	(5,074)	443	(7)	(124)	1,018	52,909
Impact on Reserves	39,891	9,586	253	1,191	310	-	51,231
Impact on Equity	96,544	4,512	696	1,184	186	1,018	104,140
30 June 2016							
Impact on Profit	(11,024)	(21,070)	1,757	(369)	4,205	68	(26,433)
Impact on Reserves	37,418	31,421	7,733	5,984	801	-	83,357
Impact on Equity	26,394	10,351	9,490	5,615	5,006	68	56,924

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

23. Financial Risk Management (Continued)

(e) Cash flow and interest rate risk

As the Group has no significant interest-bearing assets or liabilities (except cash), the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on exposure to interest rates on interest bearing bank balances throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates (also comparable to movement in interest rates during the reporting year).

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would:

	+1% **$**	**-1%** **$**
30 June 2017	138,479	(136,171)
30 June 2016	31,184	(29,162)

This is mainly attributable to the Group's exposure to interest rate on its bank balances bearing interest.

(f) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and other short-term financial assets and financial liabilities of the Group approximates their carrying value.

The net fair value of other financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

24. Parent Entity Information

The following details of information are related to the parent entity, Adslot Ltd, at 30 June 2017. This information has been prepared using consistent accounting policies as presented in Note 1.

	2017 $	2016 $
Current assets	12,808,996	3,496,229
Non-current assets	44,289,745	44,261,447
Total assets	57,098,741	47,757,676
Current liabilities	236,351	133,372
Non-current liabilities	-	-
Total liabilities	236,351	133,372
Contributed equity	138,287,281	121,032,092
Share-based payments reserve	279,115	297,118
Retained losses	(81,704,006)	(73,704,906)
Total equity	56,862,390	47,624,304
Loss for the year	(7,999,100)	(4,930,858)
Total comprehensive loss for the year	(7,999,100)	(4,930,858)

The Commitments Note 18 includes commitments by the parent entity related to leases of the head office premises; at 85 Coventry Street, South Melbourne (one week) and 425 Collins Street, Melbourne (58 ½ months) for an amount of $1,565,583 (2016: $299,452).

25. Related Party Transactions

Other than the transactions disclosed in Note 20 relating to key management personnel, there have been no related party transactions that have occurred during the current or prior financial year.

26. Events Subsequent to Reporting Date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2017

27. Consolidated Entities

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2017	2016
Parent entity		%	%
Adslot Ltd	Australia		
Controlled entities			
Adslot Technologies Pty Ltd	Australia	100	100
Ansearch.com.au Pty Ltd	Australia	100	100
Ansearch Group Services Pty Ltd	Australia	100	100
Webfirm Pty Ltd	Australia	100	100
Adimise Pty Ltd (a)	Australia	-	100
Full Circle Online Pty Ltd (b)	Australia	-	100
QDC IP Technologies Pty Ltd	Australia	100	100
Adslot UK Limited	United Kingdom	100	100
Adslot Inc.	United States	100	100
Symphony International Solutions Limited	Australia	100	100
Symphony Workflow Pty Ltd	Australia	100	100
Symphony Media Pty Ltd	Australia	100	100
Facilitate Digital (Shanghai) Software Services Co. Ltd	China	100	100
Facilitate Digital Limited	New Zealand	100	100
Facilitate Digital Trust	New Zealand	100	100
Facilitate Digital, LLC	United States	100	100
Facilitate Digital UK Limited	United Kingdom	100	100
Facilitate Digital Deutschland GmbH	Germany	100	100
Facilitate Digital Europe Marketing Technology Ltd (c)	Republic of Ireland	-	100

(a) Adimise Pty Ltd was deregistered on 05 October 2016.
(b) Full Circle Online Pty Ltd was deregistered on 05 October 2016.
(c) Facilitate Digital Europe Marketing Technology Ltd was deregistered on 09 June 2017.

Equity interests in all controlled entities are by way of ordinary shares.

Directors' Declaration

The directors declare that the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes, as set out on pages 29 to 75 are in accordance with the *Corporations Act 2001* and:

(a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements in Australia;

(b) give a true and fair view of the group's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(c) the company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

In the directors' opinion:

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

(b) the audited remuneration disclosures set out on pages 18 to 27 of the Directors' Report comply with section 300A of the *Corporations Act 2001*.

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Andrew Barlow
Chairman
Adslot Ltd
28 August 2017

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADSLOT LIMITED

Report on the audit of the financial report

Opinion

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

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

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

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

Basis for Opinion

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

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

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.

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible balances ***Note 10***	
At 30 June 2017, the Group's statement of financial position includes goodwill and other intangibles amounting to $25m. AASB 136 *Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. Assessing whether there is any indication that an asset may be impaired involves a high degree of judgement relating to factors such as discount rates, current work in hand and future contract success, as well as economic assumptions such as inflation and foreign currency rates. Management developed an impairment model which factored in forecast discounted cashflows, growth assumptions around revenue and expenses. An impairment is likely to occur when the forecast value is lower than the carrying value of the intangible. The group financials also include Goodwill of $15m which has been assessed for impairment using the fair value method. This area is a key audit matter due to the degree of judgement required and the subjectivity relating to assumptions and key inputs.	Our procedures included, amongst others: • reviewing the model for compliance with AASB 136 *Impairment of Assets*; • assessing managements determination of Cash Generating Units (CGUs) based on our understanding of how management monitors the Group's operations and makes decisions about groups of assets that generate independent cash flows; • testing the mathematical accuracy and appropriateness of the methodology of the underlying model calculations; • evaluating the cash flow projections and the process by which they were developed; • assessing the key growth rate assumptions by comparing them to historical results, economic and industry forecasts; • engaging experts to assist in assessing discount rate applied with reference to the cost of capital of the Group; • performing sensitivity analysis of the key assumptions in model; • assessing the adequacy of disclosures in the financial statements; and • evaluating the methodology and basis of the market based approach.
Research & development grants and capitalised wages ***Note 1(v)***	
The Group continues to incur costs investing in the development of technology, and the Group claims associated research and development (R&D) grants from AusIndustry under the R&D Tax Incentive Scheme. *AASB 138 Intangible Assets* has set criteria for the capitalisation of expenses. During the year, the Group has capitalised development costs as intangible assets to the value of $2.6m. *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance* require grants received relating to costs that are capitalised to be offset against the capitalised amount, and grants relating to costs that are not capitalised expenses to be recognised as income. A receivable is recognised for R&D grant claims submitted but not yet received pertaining to costs incurred in the previous financial year, and for the estimated R&D grant claim pertaining to costs incurred during the 2017 financial year. At year-end, the Group has recognised a receivable for submitted and estimated R&D grant claims for $2.7m. This area is a key audit matter due to the level of judgement and estimation required by management in accounting for such activities.	Our procedures included, amongst others: • comparing the methodology and nature of the expenditure included in the current year estimate of the R&D incentive calculation to the prior period claim; • the Group's compliance with criteria for capitalisation of costs under AASB 138; • assessing the reasonableness of total development costs against expectations, having regard to prior year costs and current year budgeted costs; • agreeing a sample of R&D costs incurred to underlying supporting documentation; • tracing the R&D receivable to submitted claims and where applicable, subsequent cash receipt; • testing the mathematical accuracy of R&D grant claims accrued for; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims history; and • reviewing relevant disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 27 of the directors' report for the year ended 30 June 2017.

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

Responsibilities

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 28 August 2017

Adslot.

Corporate Governance Statement

In accordance with Listing Rule 4.10.3, Adslot's Corporate Governance Statement can be found at http://www.adslot.com/investor-relations/corporate-governance/

Shareholder Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 24 August 2017.

Distribution of equity securities

The number of shareholders by size of shareholding are:

	Ordinary Shares	
	Number of Holders	**Number of Shares**
1 – 1,000	202	22,357
1,001 – 5,000	386	1,321,742
5,001 – 10,000	629	5,041,480
10,001 – 100,000	1,723	68,562,103
100,001 +	1,045	1,209,381,087
TOTAL	**3,985**	**1,284,328,769**
The number of shareholders holding less than a marketable parcel of shares (9,616 shares):	1,026	4,476,978

Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
		Number of Shares	**% of Shares**
1	NATIONAL NOMINEES LIMITED	106,106,105	8.26
2	DAWNIE DIXON PTY LTD <DIXON FAMILY SUPER FUND A/C>	76,046,522	5.92
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	70,748,987	5.51
4	INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	49,992,850	3.89
5	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	33,759,806	2.63
6	AMBLESIDE VENTURES PTY LTD <AMBLESIDE INVESTMENTS A/C>	33,091,710	2.58
7	VENTURIAN PTY LTD <MAVERICK INNOVATION A/C>	32,916,154	2.56
8	ANDAMA HOLDINGS PTY LTD <J & M BARLOW PENSION A/C>	29,000,000	2.26
9	DAK DRAFTING SERVICES PTY LTD <PETER DIAMOND FAMILY A/C>	24,000,000	1.87
10	MR PETER JOHN DIAMOND + MRS DIANA ELIZABETH DIAMOND <PETER&DIANA DIAMOND S/F A/C>	18,000,000	1.40
11	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	17,111,741	1.33
12	WASHINGTON H SOUL PATTINSON AND COMPANY	16,178,054	1.26
13	MR RICHARD ARMSTRONG CALDOW <THE LOOSE GOOSE FAMILY A/C>	16,000,000	1.25
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	15,374,093	1.20
15	MR VLADIMIR ANTHONY VITEZ & MS CATHERINE MARY DOWLAN <VITEZ AND DOWLAN FAMILY A/C>	12,500,000	0.97
16	G & D DIXON INVESTMENTS PTY LTD	12,302,184	0.96
17	GWYNVILL TRADING PTY LTD	10,939,395	0.85
18	CAPITAL ACCRETION PTY LTD <THE FORTIFIED VALUE A/C>	10,000,000	0.78
19	CITICORP NOMINEES PTY LIMITED	9,876,291	0.77
20	INVIA CUSTODIAN PTY LIMITED <MORRIS SUPER FUND A/C>	9,689,841	0.75
	Total Top 20 holders of Ordinary Shares	**603,633,733**	**47.00**
	Remaining holders balance	**680,695,036**	**53.00**

Classes of Shares - Adslot Ltd has only one class of share on issue, being fully paid ordinary shares.

Substantial Shareholders

	Shares	**% Shares**
Geoff Dixon	89,845,849	7.00%

Voting Rights - All ordinary shares carry one vote per share without restrictions.

Corporate Directory

Directors
Mr Andrew Barlow – Chairman
Mr Ian Lowe – Executive Director
Mr Ben Dixon – Executive Director
Mr Adrian Giles – Non-Executive Director
Mr Quentin George – Non Executive Director
Ms Sarah Morgan – Non Executive Director

Chief Executive Officer
Mr Ian Lowe

Company Secretary
Mr Ben Dixon

Auditors
Grant Thornton Australia
The Rialto
Level 30, 525 Collins Street
Melbourne VIC 3000 Australia

Bankers
National Australia Bank Limited
330 Collins Street,
Melbourne VIC 3000 Australia

Share Register
Computershare Registry Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3001 Australia

Home Stock Exchange
Australian Securities Exchange Limited
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ASX Code: ADJ

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