1. Company details

Name of entity:	Bulletproof Group Limited
ABN:	84 148 162 092
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	4.1%	to	49,152
Underlying earnings before interest, tax, depreciation and amortisation, adjusted for impairment and other items (Underlying EBITDA)	down	53.6%	to	2,187
Loss from ordinary activities after tax attributable to the owners of Bulletproof Group Limited	down	442.4%	to	(6,068)
Loss for the year attributable to the owners of Bulletproof Group Limited	down	442.4%	to	(6,068)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $6,068,000 (30 June 2016: profit of $1,772,000).

The reconciliation between the statutory results and underlying results are as follows:

	Consolidated 2017 $'000	2016 $'000
Profit/(loss) after income tax	(6,068)	1,772
Net change in fair value of financial instruments	(1,298)	(1,574)
(Gain)/loss on revaluation of financial liabilities	-	867
Bargain purchase in a business combination	-	(621)
Acquisition costs	-	537
Adjustment for income tax expense related to acquisition expenses	-	(154)
Restructuring costs	1,251	-
Impairment of assets	5,773	-
Working capital adjustment	190	-
Underlying profit/(loss) for the year	(152)	827
Interest expense	245	127
Interest income	(13)	(39)
Depreciation and amortisation expense	4,336	3,848
Income tax benefit, net of above adjustment	(2,229)	(47)
Underlying EBITDA for the year	2,187	4,716

Underlying profit/(loss) and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider underlying profit/(loss) and underlying EBITDA to reflect the core earnings of the Group.

For further commentary on the results, refer to 'Review of operations' in the directors' report of the Annual Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.08	4.27

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

9. Attachments

Details of attachments (if any):

The Annual Report of Bulletproof Group Limited for the year ended 30 June 2017 is attached.

BULLETPROOF

MISSION CRITICAL CLOUD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

ABN 84 148 162 092

2017

Directors	David Paterson Anthony Woodward Lorenzo Modesto Craig Farrow
Company secretaries	Paula Kensington Damien Connor
Notice of annual general meeting	The details of the annual general meeting of Bulletproof Group Limited are: Level 17 60 Margaret Street, Sydney, NSW 2000
Registered office	Level 17 60 Margaret Street Sydney NSW 2000 Tel: +61 2 9663 9000 or 1300 663 903 (within Australia)
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474 (within Australia)
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Stock exchange listing	Bulletproof Group Limited shares are listed on the Australian Securities Exchange (ASX code: BPF)
Website	www.bulletproof.net.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Bulletproof Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Bulletproof Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: http://www.bulletproof.net.au/about/investors/corporate-governance/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Bulletproof Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Director details

The following persons were directors of Bulletproof Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Paterson
Anthony Woodward
Lorenzo Modesto
Craig Farrow (appointed on 24 August 2016)

Particulars of each director's experience and qualifications is set out in the 'Information on directors' section later in this report.

Principal activities

The principal activities of the Group during the financial year were to provide end-to-end cloud services.

Business model and objectives

The Group enables customers to transform their business using the cloud. Its mission is to simplify the world of cloud for business, by focusing on delivering customers' desired business outcomes as a reliable, secure solution that encompasses the right cloud technologies, billed and paid for as a service tied to consumption. Engagement with customers can be anywhere in their journey to the cloud, from considering its use and how it could help their business, to migrating their existing applications and workloads to the cloud, through to helping them get the most of the cloud by focusing on their ability to scale, operate and innovate.

The Group provides consulting and professional services to help scope a customer's business problem, recommend a cloud solution that will solve it, and professional services to implement the proposed cloud solution and bring it live by migrating customer workloads to it. Along with billing for cloud consumption on global public clouds such as Amazon Web Services (AWS) and Microsoft Azure, and the Private Cloud platform that is hosted in 3rd party data centres in Sydney and Melbourne. The Group can provide ongoing management and support of a customers' cloud infrastructure to ensure it remains secure, reliable and available at all times.

Customers are typically billed up front for consulting and professional services work on a project or outcomes basis, and then billed ongoing fees that cover the cost of the cloud(s) consumed and the value-added services that we add on top, such as management, support, backups, and cost optimisation. Through acquisitions and organic growth, The Group has moved more into the area of Consulting and Professional services over the last two years, in order to capture customer opportunities and address their problems at an earlier stage of their cloud migration journey.

Customers choose Bulletproof because:

- we have 17 years' experience in providing reliable information technology services, including hosting and cloud, to Australian and New Zealand businesses;
- we maintain critical partnerships to leverage the market opportunity - such as the Premier Consulting Partnership with Amazon Web Services (AWS), one of only a handful in the region, our Cloud Services Partner relationship with Microsoft, and our Consulting and Services-led partnership with Accenture
- we continue to bring leading service offerings to the market (such as the first managed cloud service in 2006, and the first managed AWS service in 2012)
- our excellence in the market is widely recognised with awards (such as the Frost and Sullivan Managed Cloud Provider of 2015, and being placed in the Gartner Magic Quadrant for Global Public Cloud Managed Service Providers, 2017); and
- we have extensive experience in supporting a long list of blue chip customers including Qantas, Crownbet, Xero and Genworth.

Review of operations and results

The loss for the Group after providing for income tax amounted to $6,068,000 (30 June 2016: profit of $1,772,000).

Underlying earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets ('Underlying EBITDA') decreased from $4,716,000 to $2,187,000. Sales revenue for the year was $49,152,000 (2016: $47,219,000), representing an increase of 4% on the preceding year. While recurring revenues grew 6.5% year on year, professional services revenues declined by 15% year on year, reflecting the challenges experienced in this part of the business, especially in the first half. Other once-off revenue, that is mostly on-sold one-off items to end customers, increased by 30% year on year to $4,555,000.

The financial year ended 30 June 2017 was a year of extensive change within the Group. Some of the headwinds experienced in the second half of FY16 continued into the first half of FY17. Focus has been on operational turn-around to achieve bottom-line profitability. While the first half of the year experienced a significant loss of ($2,692,000) underlying EBIT and ($384,000) underlying EBITDA, many of the cost saving initiatives commenced during the first half began to deliver through the second half to bring the final underlying EBIT to ($2,149,000) loss and underlying EBITDA to $2,187,000, representing a significant turn-around to profitability half on half.

Key highlights on the results are as follows:

	2017 $'000	2016 $'000	Change $'000	Change %
Sales revenue	49,152	47,219	1,933	4%
Profit/(loss) after income tax	(6,068)	1,772	(7,840)	(442%)
Underlying profit/(loss) for the year	(152)	827	(979)	(118%)
Underlying EBITDA for the year	2,187	4,716	(2,529)	(54%)

The reconciliation between the statutory results and underlying results are as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000
Profit/(loss) after income tax	(6,068)	1,772
Net change in fair value of financial instruments	(1,298)	(1,574)
(Gain)/loss on revaluation of financial liabilities	-	867
Bargain purchase in a business combination	-	(621)
Acquisition costs	-	537
Adjustment for income tax expense related to acquisition expenses	-	(154)
Restructuring costs	1,251	-
Impairment of assets	5,773	-
Working capital adjustment	190	-
Underlying profit/(loss) for the year	(152)	827
Interest expense	245	127
Interest income	(13)	(39)
Depreciation and amortisation expense	4,336	3,848
Income tax benefit, net of above adjustment	(2,229)	(47)
Underlying EBITDA for the year	2,187	4,716

Underlying EBITDA profit for the year $2,187,000 (2016:$4,716,000)
Less: Depreciation and amortisation ($4,336,000) (2016: $3,848,000)
Underlying EBIT (loss)/profit for the year ($2,149,000) (2016:$868,000 profit)

Underlying profit/(loss) and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider underlying profit/(loss) and underlying EBITDA to reflect the core earnings of the Group.

Revenue and profitability behaviour reflected the challenges faced within the business, which were a core management focus throughout the year. The largest impacted area of revenue was Professional Services, experiencing a significant slowdown in activity from a couple of major clients during the first half. This drove an extensive program to right-size the team and focus in on skills that companies were by then moving their demands towards, in a rapidly changing market, removing 30 personnel from the combined engineering team. The second half saw a significant improvement to this activity to bring the overall decline in professional services revenue to 15% year on year.

The Public Cloud recurring revenue was impacted by significant churn of 2.5% on a monthly recurring basis averaged across the year (against an industry benchmark of around 1.5%), reflecting a number of factors in the fast-moving public cloud space.

Throughout the year extensive work was done with customers to deliver and demonstrate value to continue their commitment to managed services fees, and this effort continues into FY18. All of these factors impacted overall recurring revenue growth, and gross margins on the recurring revenue component of the business.

The New Zealand business, which faced its own challenges through the year, delivered NZ$3,060,000. During the second half, two of the Cloud House founders left the business to pursue other ventures, and a General Manager was put in place. The changes in management and focus in the second half have led to more reliable performance of that business.

As part of the restructure during the first half, efficiency improvements in the delivery of managed services were also implemented, bringing about a far stronger professional services function, and coupled with a new consulting operation, launched in January 2017, that delivers a number of key business-technical advisory services such as Agile and DevOps readiness and training workshops to larger clients.

During the year significant changes were made in the executive team as the company moved to a dedicated, strategically focused and aligned leadership team who, alongside a lean, agile and empowered management team are focused on a range of core business area outcomes. Mark Rainbird, hired initially as consultant was employed as COO on 1 September 2016 to drive improvements through company's operations, especially focused on the professional services delivery function, finished his tenure in April 2017. During that time Mark Rainbird oversaw the implementation of significant project and process improvements in the delivery function of the business, resulting in an improved performance of this function during the second half of the year. Mark Randall, who was the Company's Sales and Marketing Director from mid-2013, resigned to pursue an interstate start-up opportunity and exited the business during December 2016. He was replaced internally by Aakash Gandhi, previously Sales Manager and who came to the business through the acquisition of Infoplex in late 2015.

Kylie Turner, the Group's Chief Financial Officer since April 2011, exited the business during April 2017, and was replaced by Paula Kensington, who joined 1 May 2017 as Chief Financial Officer and brings with her extensive experience in building and enhancing financial systems and processes through both a financial and operational lens. Following Mark Rainbird's departure, Ms Kensington now oversees the professional services and consulting functions, bringing her prior experience as a Chief Operating Officer to bear in this key area of the business as it improves.

Mr Lorenzo Modesto was appointed Director of Strategy, to ensure delivery of the Group's strategic initiatives, commencing 1 September 2016 and resigning 1 September 2017 to pursue other ventures outside of the company while remaining a substantial shareholder.

Throughout the year, the Group continued to deliver on helping customers transform their business with the cloud, including with organisations such as Victoria's DELWP, Simplot and Country Racing Victoria among many others. The partnership with Microsoft was strengthened with the launch of the Group's end to end offerings around the Azure public cloud platform, and a partnership with Accenture was signed in May 2017 that is expected to driver further professional services and managed services opportunities to complement that leading consulting firm's offerings to the enterprise.

In June 2017 the Group secured a 24 month $5,000,000 flexible financing facility with MoneyTech. An initial drawdown was made of $1,500,000 with a balance owing as at 30 June 2017 of $1,269,000. The facility has an annual interest rate of 7.97% and a monthly competitive fee. As part of the facility the Group entered into a General Security Deed across its business assets.

The balance sheet net current assets of $167,000 have strengthened year on year (2016: negative $489,000) and with a detailed review of all carrying items and related impairments in the FY17 year, it is expected that the Group is well placed to leverage this strengthening position moving forward. As part of the review the Group impaired two classes of assets, first being a reduction of $1,454,000 to the Goodwill relating to the NZ Cloud House business and second being a write down of software and product development costs of $4,319,000.

In addition to these changes the Board commenced an external review of the organisational structure during the early part of FY18, to ensure the business is well positioned to deliver sustainable profitable growth for FY18 and beyond. The Board is confident that these changes will enable the business to drive a maintainable increase in its enterprise value bringing strong management, rigour to systems, processes and governance to ensure sustainable growth into the future.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial year.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Matters subsequent to the end of the financial year
On 17 July 2017, the Group received a claim in relation to the acquisition of Cloud House NZ from the previous founders of the business. The directors consider the claim to have no basis and therefore no provision has been made in the financial statements as at 30 June 2017. Legal advice has provided an estimate of legal costs to defend and counter the claim to be in the region of $300,000 should the matter run to trial. Defences to the claim were lodged in the NZ High Court on 24 August 2017.

On 11 August 2017, the Group issued 2,166,667 shares under the Employee Share Ownership Plan and 633,308 shares under the General Employee Share Plan. Both plans are subject to a three year escrow and continued employment conditions and were approved at the AGM held 6 November 2014.

Ken Carr will join the Board effective 1 September 2017. Mr. Carr is a seasoned Non Executive and Chair, having been CEO/MD of 5 ASX listed companies primarily in the Banking, Health, and Technology Sectors and an NED of 3 others, including 3 as Chair. He has also been Director of both public and private companies in Australia, USA, Canada, India, and the UK. Ken was previously a Principal/Partner at IBM GSA and has credentials in operating large a scale professional services practice. He also attained a Doctorate based on Government IT Outsourcing. He is currently Chair of Field Solutions Holdings Limited (ASX:FSG) which provides telecommunications services as a registered Australian Telco to rural NSW. Mr. Carr brings strong Governance skills, experience and expertise in Audit and Compliance, IT/Digital Strategy and IT Outsourcing, and experience in Finance, Capital Raising, Budget setting and Strategic Financial Analysis in the commercial sector.

Mr. Lorenzo Modesto, a co-founder of the company since August 2001 and having served in roles as Sales & Marketing Director, COO and Director of Strategy, as well as serving on the Company’s board through its private and publicly listed history, has resigned his executive and board roles with the Company effective 1 September 2017. Mr. Modesto has been instrumental in growing the company’s fortunes over 16 years as a core member of the executive team and board. Mr. Modesto leaves the company to pursue other interests and remains a substantial shareholder.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Following a year of extensive transformation to improve bottom line performance, the Group is now well positioned for profitable revenue growth into FY18, with the benefit of improved delivery and product appeal, and reduced cost structures to drive margins. Following the organisational review, expected to complete towards the end of the first quarter of FY18, and with a refreshed executive team and Board, the Group is now executing its strategic goals, remain competitive and drive opportunities in the rapidly changing Cloud Services market in Australia and New Zealand, whilst driving long term shareholder value.

Shares under option

Unissued ordinary shares of Bulletproof Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
24 August 2016	7 November 2021	$0.35	250,000
24 August 2016	7 November 2021	$0.39	250,000
			500,000

Shares issued on the exercise of options

The following ordinary shares of Bulletproof Group Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
18 January 2017	$0.20	868,297
12 August 2016	$0.20	50,000
		918,297

Shares under performance rights

Issued ordinary shares held in escrow of Bulletproof Group Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
8 February 2016	7 February 2019	$0.40	628,750
13 March 2015	12 March 2018	$0.30	354,973
			983,723

Under the terms of the Employee Share Ownership Scheme (ESOP) as approved at the AGM in November 2014, certain selected employees are granted a block of shares at a set issue price, offset by a non-recourse loan of the same dollar value. The shares are escrowed for 3 years and the loan must be repaid within 5 years of else the portion of shares whose loan is not repaid are forfeited and that portion of the loan cancelled. Employees leaving the company may forfeit any ESOP shares still held under escrow and whose loan amount has not been repaid (and that proportion of the loan cancelled).

Under the terms of the General Employee Share Plan (GESP) as approved at the AGM in November 2014, employees meeting certain eligibility criteria regarding tenure and employments are awarded up to $1,000 worth of shares at a set issue price, at no cost to them. The shares are escrowed for 3 years, unless the employee leaves the company, in which case the escrow is generally released (depending on termination circumstances) and the ex-employee is free to trade the shares.

Both ESOP and GESP shares are ordinary issued shares and rank equally with all other fully-paid ordinary shares, enjoying voting and any dividend rights (in the case of ESOP shares, 50% of any dividend is paid off any corresponding loan balance first).

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

The following ordinary shares of Bulletproof Group Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
8 February 2016 *	$0.40	100,000

* Shares not issued in the year, these shares were issued to Aakash Gandhi, a key management personnel addition in the year

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board*		Audit and Risk Committee	
	Attended	Held	Attended	Held
David Paterson	9	10	4	4
Anthony Woodward**	10	10	4	4
Lorenzo Modesto**	10	10	4	4
Craig Farrow ***	8	8	4	4

Held: represents the number of meetings held during the time the director held office.

* The function of the Remuneration Committee was undertaken by the Full Board
** Anthony Woodward and Lorenzo Modesto attended the Audit and Risk Committee meetings by invitation
*** Craig Farrow attended by invitation to the meeting held 23 August 2016

Information on directors

Name:	David Paterson
Title:	Non-Executive Director and Chairman
Experience and expertise:	David began his career as a geologist and then spent 20 years in operational and management positions with 3 national stock broking and financial planning firms. David was a member of ASX Ltd and has extensive experience in capital markets and finance. David has been a director of several listed exploration and mining companies. He was chairman of Spencer Resources Ltd prior to its reverse acquisition by Bulletproof Networks Pty Limited in 2014.
Other current directorships:	UraniumSA Limited (ASX: USA)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	698,000 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

Name:	Anthony Woodward
Title:	Executive Director and Chief Executive Officer
Qualifications:	BSc (Macquarie)
Experience and expertise:	Anthony was co-founder and chief technology officer of ZipWorld, an internet access provider, that was successfully sold to Pacific Internet in 1999. He co-founded Bulletproof Networks Pty Limited in 2000, and was involved in the development of its business strategy, management and rapid growth trajectory. Anthony was instrumental in the reverse-listing of Bulletproof Networks Pty Limited onto the Australian Securities Exchange in 2014. He continues to drive and execute on the Group's strategy.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	26,188,349 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

Name:	Lorenzo Modesto
Title:	Executive Director and Director of Strategy
Experience and expertise:	Lorenzo has a background in sales and marketing. He was the co-founder of ZipWorld and was responsible for growing product, promotion and sales. He oversaw Pacific Internet’s development of the first business asymmetric digital subscriber line ('ADSL') service in Australia before co-founding Bulletproof Networks Pty Limited.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Director of Strategy (from 1 September 2016 until 1 September 2017 on which date his recent resignation will become effective), former Chief Operating Officer
Interests in shares:	20,064,249 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

Name:	Craig Farrow
Title:	Non-Executive Director (appointed on 24 August 2016)
Qualifications:	FCA, AICD, AIM, Dip. of Financial Services
Experience and expertise:	Craig has many years of technology market, public company and accounting expertise. He is a founding partner of Brentnalls SA and continues to be a partner and its chairman. Craig is currently the deputy chairman of Vocus Group Limited, following its merger with M2 Group Limited, where he held the chairman's role since 2006, having been part of the founding team of M2 in 1999. Craig is also chairman of Murray River Organics Group Limited and Australian Independent Rural Retailers and is a director of a number of private and unlisted public companies in the agribusiness, technology and professional sectors. Craig is also a certified practising manager.
Other current directorships:	Vocus Group Limited (ASX: VOC), Murray River Organics Group Limited (ASX: MRG)
Former directorships (last 3 years):	Other than those listed here, Mr Farrow has held no other listed company directorships within the last three years.
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	100,000 ordinary shares held indirectly
Interests in options:	500,000 options on ordinary shares
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Paula Kensington (Chief Financial Officer and Joint Company Secretary (appointed on 2 June 2017))
Paula was the joint chief financial officer and chief operating officer of Regus Australia & New Zealand. Prior to this, she was the chief financial officer and company secretary of Rubik Financial Limited (ASX: RFL). Paula is fellow and chairman of Australia and New Zealand Members Panel with the Association of Chartered and Certified Accountants and in 2013 was awarded the Thomson Reuters CFO of the Year award.

Damien Connor (Joint Company Secretary-appointed on 2 June 2017)
Damien is an experienced ASX listed company secretary acting in this capacity for Sundance Energy Australia Limited, Archer Exploration Limited, UraniumSA Limited. He is a Chartered Accountant, Graduate of Australian Institute of Company Directors and a member of Governance Institute of Australia. Previous employers include, Healthgate Resources and PricewaterhouseCoopers.

The previous company secretary was Kylie Turner who resigned on 2 June 2017.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

In particular the remuneration framework objectives, as detailed in the remuneration policy, are to:
- attract and retain the best staff;
- be competitive within the employment market;
- improve the performance of the Group against agreed targets, including continuing financial viability;
- be fair and consistent; and
- ensure gender pay equity.

The objectives are achieved by ensuring remuneration is reflective of applicable market conditions, the Group's statutory obligations, the level of accountability (responsibility, objectives, goals etc) assigned and the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

The Group does not have a separate Remuneration Committee due to its current size and operations. The Board as a whole is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The Group will include a resolution to seek shareholders approval at the next Annual General Meeting to be held in November 2017.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI awards are granted to executives and STI payments are based on specific annual targets and key performance indicators ('KPI's') being achieved. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial (profit contribution, earnings before interest, depreciation and amortisation ('EBITDA')) and non-financial (customer satisfaction, leadership contribution and product management) as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group’s goals and shareholder wealth, before the KPIs are set for the following year. In determining whether or not a KPI has been achieved, the Board bases the assessment on the Group's performance using audited figures.

The long-term incentives ('LTI') include long service leave and share-based payments. Options over ordinary shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Group's direct competitors.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
During the financial year ended 30 June 2017, the Group did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the Company's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, 58% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Since more than 25% of the shareholders voted against the remuneration report, this represented a 'first strike'. During the year a significant executive reorganisation has occurred and on 2 August 2017, the Board approved an amendment to the executives remuneration packages which transferred a proportion of the their total annual salaries to 'at risk'.

The Chief Executive Officer, Chief Financial Officer and Chief Technical Officer have between 15-20% of their total annual salary at risk. Each executive has appropriate hurdles relating to the Group's financial performance for FY18 and the achievement of individual Key Performance Indicators (KPI's).

The Board is confident that shareholders will accept this remuneration report and a 'second strike' resulting in a spill motion can be avoided at the 2017 AGM.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables. The amounts shown are equal to the amount expensed in the company's financial statements.

The key management personnel of the Group consisted of the following directors of Bulletproof Group Limited:
- David Paterson - Non-Executive Director and Chairman
- Anthony Woodward - Executive Director and Chief Executive Officer
- Lorenzo Modesto - Executive Director and Director of Strategy (From 1 September 2016), former Chief Operating Officer
- Craig Farrow - Non-Executive Director (appointed on 24 August 2016)

And the following persons:
- John Ferlito - Chief Technical Officer
- Paula Kensington - Joint Company Secretary and Chief Financial Officer (appointed on 1 May 2017)
- Aakash Gandhi - Director of Sales and Marketing (promoted 2 November 2016)
- Mark Randall - Director of Sales and Marketing (resigned 1 November 2016)
- Gary Marshall - Director of Managed Services (resigned 5 August 2016)
- Mark Rainbird - Chief Operating Officer (appointed on 1 September 2016 to 13 April 2017)
- Kylie Turner - Former Company Secretary and Chief Financial Officer (resigned on 30 April 2017)

	Short-term benefits			Post-employment benefits		Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Termination benefits $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:								
David Paterson	76,650	-	-	-	-	-	-	76,650
Craig Farrow*	56,119	-	-	-	-	-	-	56,119
Executive Directors:								
Anthony Woodward	279,159	-	-	19,616	-	-	-	298,775
Lorenzo Modesto	283,613	-	-	19,616	-	-	-	303,229
Other Key Management Personnel:								
John Ferlito	255,022	-	-	19,616	-	-	-	274,638
Paula Kensington**	43,269	-	-	4,111	-	-	-	47,380
Mark Randall***	135,184	-	-	9,808	-	-	-	144,992
Gary Marshall****	24,519	-	-	3,215	100,068	-	-	127,802
Mark Rainbird*****	256,730	-	-	21,745	-	-	-	278,475
Aakash Gandhi*******	234,505	-	-	11,066	-	-	-	245,571
Kylie Turner*******	176,711	-	-	15,507	-	-	-	192,218
	1,821,481	-	-	124,300	100,068	-	-	2,045,849

* Represents remuneration from 24 August 2016 to 30 June 2017
** Represents remuneration from 1 May 2017 to 30 June 2017
*** Represents remuneration from 1 July 2016 to 1 November 2016
**** Represents remuneration from 1 July 2016 to 5 August 2016
***** Represents remuneration from 1 September 2016 to 13 April 2017
****** Represents remuneration from 2 November 2016 to 30 June 2017
******* Represents remuneration from 1 July 2016 to 30 April 2017

2016	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
David Paterson	67,047	-	-	-	-	-	67,047
Stephe Wilks*	19,119	-	-	-	-	-	19,119
Executive Directors:							
Anthony Woodward	312,226	-	-	19,307	-	-	331,533
Lorenzo Modesto	300,608	-	-	20,181	-	-	320,789
Other Key Management Personnel:							
Kylie Turner	276,500	-	-	19,308	-	-	295,808
Mark Randall	276,500	-	-	19,308	-	-	295,808
John Ferlito	276,500	-	-	19,308	-	-	295,808
Gary Marshall	220,686	-	-	19,304	-	-	239,990
Bjorn Schliebitz **	199,615	-	-	17,433	-	-	217,048
Agnes Schliebitz- Ponthus**	199,615	-	-	17,433	-	-	217,048
	2,148,416	-	-	151,582	-	-	2,299,998

* Represents remuneration from 1 July 2015 to 24 September 2015
** Represents remuneration from 1 July 2015 to 29 June 2016

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Agreements with the executive directors, chief executive officer and other executives are contracts of service. Agreements with non-executive directors are contracts for service. Details of the relevant terms of these agreements are as follows:

Name:	Anthony Woodward - Executive Director and Chief Executive Officer
Term of agreement:	No fixed term
Details:	Remuneration: As disclosed in the relevant section of the remuneration report. Termination period: Six months' notice by the executive and six months' notice by the company. Potential termination benefits: Statutory leave entitlements

Name:	Lorenzo Modesto - Executive Director
Term of agreement:	No fixed term
Details:	Remuneration: As disclosed in the relevant section of the remuneration report. Termination period: Six months' notice by the executive and six months' notice by the company. Potential termination benefits: Statutory leave entitlements

Name:	Paula Kensington - Chief Financial Officer
Agreement commenced:	1 May 2017
Term of agreement:	No fixed term
Details:	Remuneration: Remuneration: Annual Salary $250,000 plus $50,000 at risk dependant on key performance criteria and company performance. Following the probation period options in the Company will be issued as follows - 125,000 options vesting date 1 year from issue and expiring 5 years after issue date and 125,000 vesting date eighteen months from issue and expiring 5 years after issue date Termination period: Six months’ notice by the executive and six months’ notice by the company. Potential termination benefits: Statutory leave entitlements

Name:	John Ferlito - Chief Technical Officer
Agreement commenced:	6 October 2016
Term of agreement:	Remuneration: As disclosed in the relevant section of the remuneration report. Termination period: Six months' notice by the executive and six months' notice by the company Potential termination benefits: Statutory leave entitlements

Name:	Aakash Gandhi - Director of Sales & Marketing
Agreement commenced:	1 January 2017
Term of agreement:	No fixed term
Details:	Remuneration: Annual salary $277,500 plus $72,500 at risk dependant on key performance criteria. Participation in the Employee Share Ownership Plan (ESOP) at $25,000 value of shares each year to maximum 3 years subject to continuous service and performance criteria. Termination period: Three months' notice by the executive and three months' notice by the company. Potential termination benefits: Statutory plus $50,000 contractual amount

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

The employment agreements with key management personnel contain substantially the same terms which include usual statutory entitlements, typical confidentiality and intellectual property provisions intended to protect the Group's intellectual property rights and other proprietary information and non-compete clauses.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
24 August 2016	11 May 2018	7 November 2021	$0.35	$0.171
24 August 2016	11 November 2018	7 November 2021	$0.39	$0.167

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Performance rights
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2017.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Additional information

The earnings of the Group for the five years to 30 June 2017 are summarised below:

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Sales revenue	49,152	47,219	28,001	17,885	14,125
EBITDA	2,044	5,507	8,394	2,454	2,238
Profit/(loss) after income tax	(6,068)	1,772	4,435	57	(96)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013*
Share price at financial year end ($)	0.08	0.40	0.24	0.31	-
Basic earnings per share (cents per share)	(3.84)	1.21	4.23	0.17	-
Diluted earnings per share (cents per share)**	(3.84)	1.19	4.13	0.17	-

* N/A as the Group only listed in 2014, via a reverse acquisition
** 1,483,723 shares held in escrow under the ESOP and GESP and options have been excluded from the calculation of the diluted earnings per share in 2017 as they are anti-dilutive

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David Paterson*	698,000	-	-	-	698,000
Anthony Woodward*	28,005,964	-	67,000	(1,884,615)	26,188,349
Lorenzo Modesto*	20,235,249	-	129,000	(300,000)	20,064,249
Craig Farrow*	-	-	100,000	-	100,000
John Ferlito*	7,826,150	-	384,615	-	8,210,765
Aakash Gandhi ***	-	-	100,000	-	100,000
Mark Randall**	3,047,826	-	-	(3,047,826)	-
Gary Marshall**	59,439	-	-	(59,439)	-
Bjorn Schliebitz**	688,076	-	-	(688,076)	-
Agnes Schliebitz-Ponthus**	688,076	-	-	(688,076)	-
Kylie Turner**	1,634,702	-	-	(1,634,702)	-
	62,883,482	-	780,615	(8,302,734)	55,361,363

* Held indirectly
** Disposals/others - represents no longer being a key management personnel, not necessarily physical disposal of shares
*** Additions - represents becoming a key management personnel in the year, not shares issued in the year

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Craig Farrow	-	500,000	-	-	500,000
	-	500,000	-	-	500,000

Loans to key management personnel and their related parties
On 27 July 2016 a short term loan of $20,000 with an interest rate of 10% was advanced to Lorenzo Modesto and repaid on 23 September 2016, including the repayment of interest calculated at $318. No other loans have been made to key management personnel and their related parties during the financial year ended 30 June 2017.

Other transactions with key management personnel and their related parties
Mark Rainbird commenced with the Group as a contractor and $55,600 was paid to Value Chain Network for his services for the period 1 July 2016 to 1 September 2016. Kylie Turner continued to provide CFO support and Company Secretarial services for the period 10 March to 30 June 2017 and $60,570 was paid to KnK Enterprises for these services. There were no other transactions with key management personnel and their related parties during financial year ended 30 June 2017.

This concludes the remuneration report, which has been audited.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Anthony Woodward
Director

30 August 2017
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Bulletproof Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bulletproof Group 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

C F Farley
Partner - Audit & Assurance

Sydney, 30 August 2017

Bulletproof Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Sales revenue		49,152	47,219
Other income	5	319	360
Bargain purchase in a business combination		-	621
Net change in fair value of financial instruments		1,298	707
Expenses			
Consumables used		(25,629)	(20,584)
Employee benefits expense		(17,014)	(15,837)
Depreciation and amortisation expense	6	(4,336)	(3,848)
Impairment of assets	6	(5,773)	-
Consulting, legal and professional fees		(1,854)	(3,645)
Premises expenses		(1,702)	(955)
Other expenses		(2,513)	(2,340)
Finance costs		(245)	(127)
Profit/(loss) before income tax benefit		(8,297)	1,571
Income tax benefit	7	2,229	201
Profit/(loss) after income tax benefit for the year attributable to the owners of Bulletproof Group Limited		(6,068)	1,772
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		116	(57)
Other comprehensive income for the year, net of tax		116	(57)
Total comprehensive income for the year attributable to the owners of Bulletproof Group Limited		(5,952)	1,715
		Cents	**Cents**
Basic earnings per share	8	(3.84)	1.21
Diluted earnings per share	8	(3.84)	1.19

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Assets			
Current assets			
Cash and cash equivalents		1,500	4,664
Trade and other receivables	9	4,548	4,038
Income tax receivable	7	32	-
Other current assets	10	4,275	5,571
Total current assets		10,355	14,273
Non-current assets			
Property, plant and equipment	11	7,593	8,629
Intangibles	12	5,966	13,892
Deferred tax asset	7	2,927	1,898
Deposits		461	461
Total non-current assets		16,947	24,880
Total assets		27,302	39,153
Liabilities			
Current liabilities			
Trade and other payables	13	6,497	8,139
Borrowings	14	3,007	1,351
Derivative financial instruments - forward exchange contracts		21	11
Income tax payable	7	-	10
Employee benefits		663	975
Deferred consideration - earn-out		-	2,927
Revenue received in advance		-	1,349
Total current liabilities		10,188	14,762
Non-current liabilities			
Borrowings	15	1,566	1,621
Deferred tax liability	7	87	1,685
Employee benefits		174	265
Total non-current liabilities		1,827	3,571
Total liabilities		12,015	18,333
Net assets		15,287	20,820
Equity			
Issued capital	16	25,325	25,016
Other components of equity		-	(8,383)
Reserves	17	187	741
Retained profits/(accumulated losses)		(10,225)	3,446
Total equity		15,287	20,820

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Other components of equity $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2015	12,854	(8,383)	982	1,395	6,848
Profit after income tax benefit for the year	-	-	-	1,772	1,772
Other comprehensive income for the year, net of tax	-	-	(57)	-	(57)
Total comprehensive income for the year	-	-	(57)	1,772	1,715
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 16)	12,162	-	-	-	12,162
Share-based payments (note 27)	-	-	95	-	95
Transfer of reserve	-	-	(279)	279	-
Balance at 30 June 2016	25,016	(8,383)	741	3,446	20,820

Consolidated	Issued capital $'000	Other components of equity $'000	Reserves $'000	Retained profits/ accumulated losses $'000	Total equity $'000
Balance at 1 July 2016	25,016	(8,383)	741	3,446	20,820
Loss after income tax benefit for the year	-	-	-	(6,068)	(6,068)
Other comprehensive income for the year, net of tax	-	-	116	-	116
Total comprehensive income for the year	-	-	116	(6,068)	(5,952)
Transferred to retained earnings	-	8,383	(780)	(7,603)	-
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 16)	309	-	-	-	309
Share-based payments (note 27)	-	-	110	-	110
Balance at 30 June 2017	25,325	-	187	(10,225)	15,287

The above statement of changes in equity should be read in conjunction with the accompanying notes

BULLETPROOF
MISSION CRITICAL CLOUD

	Note	Consolidated 2017 $'000	2016 $'000
Cash flows from operating activities			
Profit/(loss) before income tax benefit for the year		(8,297)	1,571
Adjustments for:			
Depreciation and amortisation	6	4,336	3,848
Impairment of non-current assets	6	5,773	-
Share-based payments	6	110	95
Revaluation of financial liabilities		(1,298)	(707)
Unrealised foreign currency differences		116	9
Interest and other finance costs paid and received		232	51
Bargain purchase		-	(621)
		972	4,246
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(510)	110
Decrease/(increase) in accrued revenue		1,116	(2,150)
Decrease in derivative assets		-	26
Decrease/(increase) in prepayments		391	(1,346)
Increase in other operating assets		(211)	(413)
Increase/(decrease) in trade and other payables		(1,642)	3,948
Increase in derivative liabilities		10	11
Increase/(decrease) in employee benefits		(403)	604
Decrease in other provisions		(40)	(94)
Decrease in deferred consideration - earn out		(1,526)	-
		(1,843)	4,942
Interest received		13	39
Interest and other finance costs paid		(245)	(90)
Income taxes refunded		(323)	151
Net cash from/(used in) operating activities		(2,398)	5,042
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(4,460)
Payments for property, plant and equipment	11	(217)	(943)
Payments for intangibles	12	(720)	(3,855)
Payments for earn-out milestone on business acquisition		(103)	(463)
Proceeds from disposal of property, plant and equipment		53	-
Net cash used in investing activities		(987)	(9,721)
Cash flows from financing activities			
Proceeds from issue of shares	16	309	7,650
Proceeds from borrowings		1,500	-
Share issue transaction costs		-	(298)
Repayment of borrowings		(1,588)	(1,372)
Net cash from financing activities		221	5,980
Net increase/(decrease) in cash and cash equivalents		(3,164)	1,301
Cash and cash equivalents at the beginning of the financial year		4,664	3,363
Cash and cash equivalents at the end of the financial year		1,500	4,664

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Bulletproof Group Limited as a Group consisting of Bulletproof Group Limited ('Company' or 'parent entity') and the entities it controlled (the 'Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Bulletproof Group Limited's functional and presentation currency.

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

Level 17
60 Margaret Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2017.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for derivative financial instruments at fair value.

Critical accounting estimates
The preparation of the financial statements 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern
The financial statements of the Group have been prepared on the going concern basis. As at 30 June 2017 the Group had net current assets of $167,000 (2016: net current liabilities of $489,000) and reported a loss after tax of $6,068,000 (2016: profit after tax of $1,772,000). The operating net cash outflow of $2,398,000 (2016: net cash inflows of $5,042,000) was driven by restructuring costs and net working capital payments predominantly brought forward from June 2016. The majority of the performance challenges in the financial year have been non-cash items. Notwithstanding the Group's challenges and major reorganisation that occurred during the financial year, the Group secured a $5,000,000 two year flexible financing facility and has forecast positive cashflows. The directors are of the opinion that there exist reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due and therefore the going concern basis is appropriate.

Note 2. Significant accounting policies (continued)

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bulletproof Group Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Bulletproof Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items are not retranslated at financial year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition - sales revenue
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sales revenue includes rendering of cloud services and consulting, as follows:

Note 2. Significant accounting policies (continued)

Rendering of services – cloud services
Revenue is recognised where the contract outcome can be reliably measured, control of the right to be compensated for the services has been attained and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred. Specifically, cloud services revenue is accrued based on agreed monthly service rates and/or actual customer usage.

Rendering of services – consulting
Customers may be billed upfront or in arrears for project and implementation fees. Revenue is recognised using the percentage of completion method. The percentage of completion is determined by reference to the extent of services performed to date on the agreement as a percentage of the total services to be performed under the agreement. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately to profit or loss. Revenue is recognised in the financial period in which services are rendered.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The derivatives are not hedged and therefore subsequent changes in fair value are recognised in profit or loss.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Note 2. Significant accounting policies (continued)

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets
Goodwill and other 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 non-financial 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives
Where necessary, comparatives have been adjusted to conform to changes in presentation for the current financial year. Also during the financial year, the prior period business combination was finalised which resulted in a reduction in the intangibles (refer to note 12 and a corresponding reduction in the deferred consideration. There was no effect on the profit or net assets.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 June 2018 but it is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes will continue to be measured at face value. Other financial asset classes are not material to the Group. Financial liabilities of the Group are not impacted as the Group does not carry them at fair value.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 June 2018 but it is not expected to significantly impact the Group on the basis that most of the its revenue is recognised at the time of transfer of service to customer which represents the satisfaction of the primary performance obligation.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt the standard from 1 July 2019 and the actual impact will depend on the operating leases held by the Group as at 1 July 2019 and the transitional elections made at that time.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in one segment being managed cloud, hosting services and professional services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

The information reported to the CODM is on a monthly basis.

Major customers
There were no single external customers which accounted for more than 10% of external revenue of the Group.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Australia	45,717	45,474	13,952	22,641
United States of America	551	593	55	331
New Zealand	2,884	1,152	13	10
	49,152	47,219	14,020	22,982

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 5. Other income

	Consolidated	
	2017 $'000	2016 $'000
Interest income	13	39
Government grants	-	306
Other income	306	15
Other income	319	360

Accounting policy for other income

Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 5. Other income (continued)

Government grants
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. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Expenses

	Consolidated	
	2017 $'000	2016 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation of property, plant and equipment	2,889	2,448
Amortisation of intangibles	1,447	1,400
Total depreciation and amortisation	4,336	3,848
Impairment		
Goodwill	1,454	-
Software and product development	4,319	-
Total impairment	5,773	-
Rental expense relating to operating leases		
Minimum lease payments	1,469	703
Superannuation expense		
Defined contribution superannuation expense	1,421	1,542
Share-based payments expense		
Share-based payments expense	110	95
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	14,342	14,295
Restructuring expense		
Employee benefits expense	1,251	-

BULLETPROOF
MISSION CRITICAL CLOUD

Note 7. Income tax

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax benefit		
Current tax	291	24
Deferred tax - origination and reversal of temporary differences	(2,520)	(225)
Aggregate income tax benefit	(2,229)	(201)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	(1,041)	(316)
Increase/(decrease) in deferred tax liabilities	(1,479)	91
Deferred tax - origination and reversal of temporary differences	(2,520)	(225)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax benefit	(8,297)	1,571
Tax at the statutory tax rate of 30%	(2,489)	471
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	7	-
Impairment of goodwill	436	-
Share-based payments	33	28
Gain on bargain purchase	-	(186)
Revaluation of liabilities	(389)	(212)
Non-assessable income	-	(93)
Research and development tax incentive	-	(241)
Sundry items	(2)	115
	(2,404)	(118)
Difference in overseas tax rates	(76)	(106)
Under/over provisions in relation to prior years	251	23
Income tax benefit	(2,229)	(201)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets	12	(201)
Deferred tax liabilities	(119)	589
	(107)	388

Note 7. Income tax (continued)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,077	1,061
Impairment of receivables	-	16
Provisions	305	369
Accruals	61	38
Research and development tax credits	186	258
Other	298	156
Deferred tax asset	2,927	1,898
Movements:		
Opening balance	1,898	1,381
Credited to profit or loss	1,041	316
Credited/(charged) to equity	(12)	201
Closing balance	2,927	1,898

	Consolidated 2017 $'000	Consolidated 2016 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	166	519
Prepayments	4	-
Intangibles	348	535
Capitalised wages	(580)	493
Foreign exchange	149	73
Other	-	65
Deferred tax liability	87	1,685
Movements:		
Opening balance	1,685	1,005
Charged/(credited) to profit or loss	(1,479)	91
Charged/(credited) to equity	(119)	589
Closing balance	87	1,685

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax receivable		
Income tax receivable	32	-

Note 7. Income tax (continued)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax payable		
Income tax payable	-	10

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bulletproof Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Earnings per share

	Consolidated 2017 $'000	Consolidated 2016 $'000
Profit/(loss) after income tax attributable to the owners of Bulletproof Group Limited	(6,068)	1,772

Note 8. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	158,032,743	146,233,733
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	2,670,392
Weighted average number of ordinary shares used in calculating diluted earnings per share	158,032,743	148,904,125

	Cents	Cents
Basic earnings per share	(3.84)	1.21
Diluted earnings per share	(3.84)	1.19

1,483,723 (2016: nil) options and shares issued held in escrow relating to ESOP and GESP have been excluded from the calculation of the diluted earnings per share as they are anti-dilutive.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Bulletproof Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2017 $'000	2016 $'000
Trade receivables	4,548	4,107
Less: Provision for impairment of receivables	-	(69)
	4,548	4,038

Impairment of receivables
The Group has recognised no amount in profit or loss in respect of impairment of receivables for the year ended 30 June 2017 (2016: $69,000).

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2017 $'000	2016 $'000
3 to 6 months overdue	-	37
Over 6 months overdue	-	32
	-	69

Note 9. Current assets - trade and other receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000
Opening balance	69	53
Additional provisions recognised	-	16
Receivables written off during the year as uncollectable	(69)	-
Closing balance	-	69

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $931,000 as at 30 June 2017 ($1,435,000 as at 30 June 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000
Less than 30 days overdue	744	872
30 to 60 days overdue	98	143
Over 60 days overdue	89	420
	931	1,435

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 10. Current assets - other current assets

	Consolidated 2017 $'000	Consolidated 2016 $'000
Accrued revenue	2,287	3,403
Prepayments	1,637	2,028
Other deposits	150	134
Other	201	6
	4,275	5,571

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2017 $'000	Consolidated 2016 $'000
Building improvements - at cost	695	720
Less: Accumulated depreciation	(550)	(454)
	145	266
Plant and equipment - at cost	9,972	6,166
Less: Accumulated depreciation	(7,205)	(2,360)
	2,767	3,806
Plant and equipment under lease	8,445	10,626
Less: Accumulated depreciation	(4,231)	(6,573)
	4,214	4,053
Office furniture and equipment - at cost	762	637
Less: Accumulated depreciation	(295)	(133)
	467	504
	7,593	8,629

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Building improvements $'000	Plant and equipment $'000	Plant and equipment under lease $'000	Office furniture and equipment $'000	Total $'000
Balance at 1 July 2015	300	1,205	3,200	122	4,827
Additions	-	51	1,810	506	2,367
Additions through business combinations	-	3,883	-	-	3,883
Depreciation expense	(34)	(1,333)	(957)	(124)	(2,448)
Balance at 30 June 2016	266	3,806	4,053	504	8,629
Additions	6	84	1,667	110	1,867
Disposals	-	-	(13)	(1)	(14)
Depreciation expense	(127)	(1,123)	(1,493)	(146)	(2,889)
Balance at 30 June 2017	145	2,767	4,214	467	7,593

Property, plant and equipment secured under finance leases
Refer to note 23 for further information on property, plant and equipment secured under finance leases.

Accounting policy for property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 11. Non-current assets - property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building improvements	5 years
Plant and equipment	4-5 years
Plant and equipment under lease	4-5 years
Office furniture and equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Non-current assets - intangibles

	Consolidated	
	2017 $'000	2016 $'000
Goodwill - at cost	8,768	9,804
Less: Impairment	(4,582)	(3,128)
	4,186	6,676
Software and product development - at cost	1,006	4,981
Less: Accumulated amortisation	(417)	(519)
	589	4,462
Customer contracts and brands - at cost	867	1,256
Less: Accumulated amortisation	(247)	(101)
	620	1,155
Amazon web services reserved instances (AWS RI) - at cost	3,285	3,624
Less: Accumulated amortisation	(2,737)	(2,048)
	548	1,576
Domain name - at cost	23	23
	5,966	13,892

Note 12. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Software and product development $'000	Customer contracts and brands $'000	AWS RI $'000	Domain name $'000	Total $'000
Balance at 1 July 2015	3,466	1,234	-	2,762	23	7,485
Additions	-	3,340	-	-	-	3,340
Additions through business combinations	3,210	-	1,257	-	-	4,467
Amortisation expense	-	(112)	(102)	(1,186)	-	(1,400)
Balance at 30 June 2016	6,676	4,462	1,155	1,576	23	13,892
Additions	-	671	-	49	-	720
True up of prior period business combination	(1,036)	-	(390)	-	-	(1,426)
Impairment of assets	(1,454)	(4,319)	-	-	-	(5,773)
Amortisation expense	-	(225)	(145)	(1,077)	-	(1,447)
Balance at 30 June 2017	4,186	589	620	548	23	5,966

True up of prior period business combination
During the financial year, the business combination that occurred in the prior year was finalised. This resulted in adjustments as follows:
Decrease in goodwill of $1,036,000
Decrease in customer contracts and brands of $390,000
And a corresponding decrease in deferred consideration of $1,309,000 and deferred tax adjustment of $117,000

Goodwill - impairment testing
For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units ('CGUs'):

	Consolidated 2017 $'000	Consolidated 2016 $'000
Goodwill allocated to CGU		
Bulletproof Group Limited	3,466	3,466
Bulletproof New Zealand	720	3,210
Total goodwill	4,186	6,676

The growth rate and discount rate assumptions for each CGU were:

	Growth rate 2017 %	Growth rate 2016 %	Discount rate 2017 %	Discount rate 2016 %
Bulletproof Group Limited	13.4%	30.0%	18.1%	25.0%
Bulletproof New Zealand	2.0%	27.5%	18.1%	18.1%

The growth rates have been reduced as a prudent result following a challenging year in 2017. Future growth rates are expected to improve and the restructured Group will continue to leverage its position and take advantage of the market opportunities that exist in the rapidly expanding digital hosting and cloud market.

Note 12. Non-current assets - intangibles (continued)

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of the cloud services market in each CGU.

Other assumptions and sensitivities - Bulletproof Group Limited
Management's key assumptions include stable profit margins, based on past experience in this market, which they believe is the best available input for forecasting this mature market. Management reviewed the expected growth rates used in the discounted cash flow analysis conducted and downgraded the expected cash flow projections accordingly. The CGU to which goodwill has been allocated is sufficiently covered by those revised predictions and has determined no impairment is required.

Other assumptions and sensitivities - Bulletproof New Zealand
For the purposes of impairment testing, discounted cash flow analysis was conducted based on cash flow projections of the CGU. Revenue is broadly classified into cloud and professional services. The forecast for cloud revenues are based on the market trend and the growth direction of the Group.

The recoverable amount of the CGU is determined based on a value-in-use calculation which uses five-year cash flow projections based on one year financial budgets approved by management. Given the reduction in the current year's performance of the New Zealand business key growth rates have been significantly reduced to reflect the challenges in performance. Whilst Management considers a strong outlook for IT and Cloud services business for the year ending 30 June 2018, it confirms that the discounted cash flow analysis conducted did not provide sufficient cover on the carrying value of the asset and therefore an impairment charge of $1,454,000 was made as at 30 June 2017.

Software and product development - impairment testing
A detailed review of the carrying value of all projects was performed during the financial year which resulted in an impairment charge recorded of $4,319,000.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Amortisation begins when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software and product development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between two and three years.

Customer contracts and brands
Customer contracts and brands acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years.

Note 12. Non-current assets - intangibles (continued)

AWS RI
The Group derives revenue from hosting customers on Amazon Web Services public cloud infrastructure. Up until 30 June 2015, the Group purchased AWS RI whereby compute power was purchased on a pre-commit basis for 36 months, and these were included as an intangible asset and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years. From 1 July 2015 all AWS RI purchases have been made on a 12 month commitment basis and therefore initially recognised in the statement of financial position as a prepayment and expensed to profit or loss over the term of the contract.

Domain name
Domain name has an indefinite life, recognised at cost and is not amortised.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2017 $'000	2016 $'000
Trade payables	4,021	5,887
Accruals	1,787	1,392
Payroll liabilities	389	585
GST payable	300	275
	6,497	8,139

Refer to note 19 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 45 days of recognition.

Note 14. Current liabilities - borrowings

	Consolidated	
	2017 $'000	2016 $'000
Debtor financing	1,269	-
Lease liability	1,738	1,351
	3,007	1,351

Refer to note 19 for further information on financial instruments.

Note 15. Non-current liabilities - borrowings

	Consolidated	
	2017 $'000	2016 $'000
Lease liability	1,566	1,621

Refer to note 19 for further information on financial instruments.

Note 15. Non-current liabilities - borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000
Debtor financing	1,269	-
Lease liability	3,304	2,972
	4,573	2,972

Assets pledged as security
In June 2017 the Group secured a 24 month $5,000,000 flexible financing facility with MoneyTech. An initial drawdown was made of $1,500,000 with a balance owing as at 30 June 2017 of $1,269,000. The facility has an annual interest rate of 7.97% and a monthly competitive fee. As part of the facility the Group entered into a General Security Deed across its business assets.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Accounting policy for borrowings
Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

Note 16. Equity - issued capital

	Consolidated 2017 Shares	Consolidated 2016 Shares	Consolidated 2017 $'000	Consolidated 2016 $'000
Ordinary shares - fully paid	158,817,061	157,359,808	25,325	25,016
Employee Share Ownership Plan - employee shares restricted 3 years	406,249	814,581	-	-
General Employee Share Plan - employee shares restricted 3 years	577,474	553,309	-	-
	159,800,784	158,727,698	25,325	25,016

Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2015	111,665,969		12,854
Issue of shares		29,199,758	$0.25	7,300
Shares issued pursuant to the offer		13,333,336	$0.32	4,200
Shares issued pursuant to the earn-out		1,376,152	$0.38	516
Conversion of options (non employee)		1,752,095	$0.20	350
Share issue costs		-	$0.00	(208)
Other adjustments		32,498	$0.00	4
Balance	30 June 2016	157,359,808		25,016
Shares issued pursuant to the earn-out		313,131	$0.40	125
Conversion of options - (non employee)		918,297	$0.20	184
Other adjustments		225,825	$0.00	-
Balance	30 June 2017	158,817,061		25,325

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to ensure the Group’s ability to continue as a going concern and to provide an adequate return to shareholders, by pricing products and services commensurately with the level of risk.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group’s various classes of debt.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 17. Equity - reserves

	Consolidated 2017 $'000	Consolidated 2016 $'000
Foreign currency reserve	(32)	(148)
Share-based payments reserve	219	889
	187	741

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other
The reserve is used to recognise other amounts recognised directly in equity.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Share-based payment $'000	Other $'000	Total $'000
Balance at 1 July 2015	(91)	794	279	982
Foreign currency translation	(57)	-	-	(57)
Transfer to retained earnings	-	-	(279)	(279)
Share-based payments	-	95	-	95
Balance at 30 June 2016	(148)	889	-	741
Foreign currency translation	116	-	-	116
Share-based payments	-	110	-	110
Transfer to retained earnings	-	(780)	-	(780)
Balance at 30 June 2017	(32)	219	-	187

Note 18. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated 2017 $'000	Consolidated 2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	331	331

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 19. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group's foreign exchange risk is managed to ensure sufficient funds are available to meet its foreign currency financial commitments in a timely and cost-effective manner.

The Group’s foreign currency risk exposure is not significant.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
At the reporting date, the Group had no variable rate borrowings. Cash at banks earns interest at floating rates based on daily bank deposit rates.

No sensitivity analysis has been performed for the exposure to interest rate risk on the Group's bank balance as the exposure is not significant.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages this risk through the following mechanisms:
- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing only in surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Note 19. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	-	4,021	-	-	4,021
Other payables	-	689	-	-	689
Interest-bearing - variable					
Debtor finance	7.97%	1,269	-	-	1,269
Interest-bearing - fixed rate					
Lease liability	6.40%	1,895	1,642	-	3,537
Total non-derivatives		7,874	1,642	-	9,516
Derivatives					
Forward foreign exchange contracts net settled	-	21	-	-	21
Total derivatives		21	-	-	21

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	-	5,887	-	-	5,887
Other payables	-	860	-	-	860
Interest-bearing - fixed rate					
Lease liability	6.40%	1,496	1,727	-	3,223
Total non-derivatives		8,243	1,727	-	9,970
Derivatives					
Forward foreign exchange contracts net settled	-	11	-	-	11
Total derivatives		11	-	-	11

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 20. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	21	-	21
Total liabilities	-	21	-	21

Consolidated - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	11	-	11
Deferred consideration - earn-out	-	-	2,927	2,927
Total liabilities	-	11	2,927	2,938

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

As the final measurement period for Pantha Corporation was complete on 30 June 2016, management revalued the earn-out from $2,535,000 to $229,000 representing a final cash payment of $103,000 and share issue of 313,131 shares at the closing value of $0.40 per share. For the year to 30 June 2017 the balance was nil. The Cloud House Limited earn-out was revalued to zero during the year (2016: $2,698,000).

Note 20. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Deferred Consideration $'000
Balance at 1 July 2015	2,763
Acquired through business combination	2,698
Gain recognised in profit or loss	(2,092)
Milestone cash payment	(463)
Currency revaluations recognised in profit or loss	21
Balance at 30 June 2016	2,927
Cloud House Limited finalisation of acquisition accounting	(1,308)
Pantha Corporation share settlement	(125)
Pantha Corporation cash settlement	(103)
Currency revaluations recognised in profit or loss	(93)
Revaluation of Cloud House earn-out	(1,298)
Balance at 30 June 2017	-

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	Consolidated	
	2017 $	**2016 $**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	94,000	109,170

Note 22. Contingent liabilities

On 17 July 2017, the Group received a claim in relation to the acquisition of Cloud House NZ from the previous founders of the business. The directors consider the claim to have no basis and therefore no provision has been made in the financial statements as at 30 June 2017. Legal advice has provided an estimate of legal costs to defend and counter the claim to be in the region of $300,000 should the matter run to trial. Defences to the claim were lodged in the NZ High Court on 24 August 2017.

Note 23. Commitments

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,300	1,300
One to five years	3,419	4,874
	4,719	6,174
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	1,895	1,496
One to five years	1,642	1,727
Total commitment	3,537	3,223
Less: Future finance charges	(233)	(251)
Net commitment recognised as liabilities	3,304	2,972
Representing:		
Lease liability - current (note 14)	1,738	1,351
Lease liability - non-current (note 15)	1,566	1,621
	3,304	2,972

The operating lease commitments relate to non-cancellable premises leases entered for the Sydney office and Melbourne office. No liabilities have been recognised in relation to these operating leases.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $4,214,000 (2016: $4,035,000) under finance leases expiring within 1 to 5 years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2017 $	Consolidated 2016 $
Short-term employee benefits	1,821,481	2,148,417
Post-employment benefits	224,368	151,581
	2,045,849	2,299,998

Note 25. Related party transactions

Parent entity
Bulletproof Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Bulletproof Networks Pty Limited	Australia	100%	100%
Infoplex Pty Limited	Australia	100%	100%
Bulletproof Networks Inc.	United States of America	100%	100%

Note 27. Share-based payments

The Group maintained two equity-settled share-based payment schemes for employee remuneration, the Employee Share Ownership Plan ('ESOP') and the General Employee Share Plan ('GESP').

The ESOP is part of the remuneration package of the Group’s senior management and is designed to allow it to provide loans to employees to be applied solely for the purpose of acquiring shares in the Company. The ESOP assists with:
- attracting, motivating and retaining employees;
- delivering rewards to employees for individual and Company performance;
- allowing employees the opportunity to become shareholders in the Company; and
- aligning the interests of employees with those of Company shareholders.

Shares allocated to a participant under the ESOP are subject to trading restrictions until the end of three years after the date of allocation. In addition, participants have to be employed until the end of the agreed restriction period.

The GESP is part of the remuneration package of the Group’s general personnel and enables eligible employees to acquire shares up to the value of $1,000 each year on a tax exempt basis. Shares allocated to a participant are subject to trading restrictions until the end of three years after the date of allocation.

Note 27. Share-based payments (continued)

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

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/08/2016	07/11/2021	$0.35	-	250,000	-	-	250,000
24/08/2016	07/11/2021	$0.39	-	250,000	-	-	250,000
			-	500,000	-	-	500,000

500,000 represents options issued to Craig Farrow.

The weighted average share price during the financial year was $0.22 (2016: $0.39).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.32 years (2016: 1.63 years).

Set out below are summaries of performance rights granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
08/02/2016	07/02/2019	$0.40	1,333,721	-	-	(349,998)	983,723
			1,333,721	-	-	(349,998)	983,723

406,249 represents options under ESOP and 577,474 represents options under GESP.

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/03/2015	12/03/2018	$0.30	529,971	803,750	-	-	1,333,721
			529,971	803,750	-	-	1,333,721

Set out below are the performance rights exercisable at the end of the financial year:

Grant date	Expiry date	2017 Number	2016 Number
08/02/2016	07/02/2019	628,750	803,750
13/03/2015	12/03/2018	354,973	529,971
		983,723	1,333,721

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.32 years (2016: 1.63 years).

Note 27. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
24/08/2016	07/11/2021	$0.25	$0.35	90.00%	5.00%	$0.171
24/08/2016	07/11/2021	$0.25	$0.39	90.00%	5.00%	$0.167

Accounting policy for share-based payments
Equity-settled compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes 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 and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017 $'000	2016 $'000
Loss after income tax	(747)	(317)
Total comprehensive income	(747)	(317)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2017 $'000	Parent 2016 $'000
Total current assets	337	185
Total assets	5,114	4,304
Total current liabilities	(12,216)	(13,352)
Total liabilities	(12,216)	(13,352)
Equity		
Issued capital	25,320	25,011
Other components of equity	-	(8,383)
Share-based payments reserve	221	889
Retained profits/(accumulated losses)	(8,211)	139
Total equity	17,330	17,656

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity is Bulletproof Group Limited. Bulletproof Group Limited is in the process of arranging deed of cross guarantees with it's subsidiaries.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Events after the reporting period

On 17 July 2017, the Group received a claim in relation to the acquisition of Cloud House NZ from the previous founders of the business. The directors consider the claim to have no basis and therefore no provision has been made in the financial statements as at 30 June 2017. Legal advice has provided an estimate of legal costs to defend and counter the claim to be in the region of $300,000 should the matter run to trial. Defences to the claim were lodged in the NZ High Court on 24 August 2017.

On 11 August 2017, the Group issued 2,166,667 shares under the Employee Share Ownership Plan and 633,308 shares under the General Employee Share Plan. Both plans are subject to a three year escrow and continued employment conditions and were approved at the AGM held 6 November 2014.

Note 29. Events after the reporting period (continued)

Ken Carr will join the Board effective 1 September 2017. Mr. Carr is a seasoned Non Executive and Chair, having been CEO/MD of 5 ASX listed companies primarily in the Banking, Health, and Technology Sectors and an NED of 3 others, including 3 as Chair. He has also been Director of both public and private companies in Australia, USA, Canada, India, and the UK. Ken was previously a Principal/Partner at IBM GSA and has credentials in operating large a scale professional services practice. He also attained a Doctorate based on Government IT Outsourcing. He is currently Chair of Field Solutions Holdings Limited (ASX:FSG) which provides telecommunications services as a registered Australian Telco to rural NSW. Mr. Carr brings strong Governance skills, experience and expertise in Audit and Compliance, IT/Digital Strategy and IT Outsourcing, and experience in Finance, Capital Raising, Budget setting and Strategic Financial Analysis in the commercial sector.

Mr. Lorenzo Modesto, a co-founder of the company since August 2001 and having served in roles as Sales & Marketing Director, COO and Director of Strategy, as well as serving on the Company's board through its private and publicly listed history, has resigned his executive and board roles with the Company effective 1 September 2017. Mr. Modesto has been instrumental in growing the company's fortunes over 16 years as a core member of the executive team and board. Mr. Modesto leaves the company to pursue other interests and remains a substantial shareholder.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

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

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Anthony Woodward
Director

30 August 2017
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Bulletproof Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Bulletproof Group 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.

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of intangible assets ***(Note 12)***	
At 30 June 2017, the Group's intangible assets of $5,966,000 consist of goodwill, internally developed software, acquired customer contracts and brands, reserved instances and a domain name. The Group is required to perform an annual impairment test of goodwill in accordance with AASB 136 *Impairment of Assets*. Management has assessed that the group has two cash generating units ("CGUs"), and have allocated the goodwill and other intangible assets to these CGUs. Management has tested the CGUs for impairment by comparing their carrying amounts with their recoverable amounts The recoverable amounts were determined using value-in-use models. Management determined that the Bulletproof New Zealand CGU required an impairment charge of $1,454,000. No impairment was recognised in the Bulletproof Group CGU. Management has also recorded an impairment of $4,319,000 in respect of capitalised software and product development costs. This area is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount on a value-in-use basis.	Our procedures included, amongst others: • enquiring with management to obtain an understanding of management's processes and controls related to the assessment of impairment, including management's identification of CGUs and the calculation of the recoverable amount for the CGUs; • evaluating the value-in-use models against the requirements of AASB 136, including consultation with our valuation experts; • reviewing management's value-in-use models to: – test the mathematical accuracy; – evaluate management's ability to perform accurate estimates; – assessing forecast cash inflows and outflows to be derived by the CGUs assets; and – agree discount rates applied to forecast future cash flows to external sources; and • performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the value-in-use models; and • assessing the adequacy of the related disclosures within the financial statements.
Revenue recognition ***(Note 2)***	
Revenue of $49,152,000 has been recognised during the year ended 30 June 2017. The Group is required to recognise revenue in accordance with AASB 118: *Revenues*. Due to the nature of the revenue contracts entered into during the year, revenue has significant estimation involved. This area is a key audit matter due to the management judgement involved in developing and applying appropriate accounting policies that comply with accounting standards and in determining the timing of amounts to be recognised.	Our procedures included, amongst others: • assessing the revenue recognition policies for appropriateness and compliance with AASB 118 and for consistency with the prior period; • assessing the design and operating effectiveness of the Group's key controls, including automated controls, over the recognition of revenue; • comparing revenue by month and across each revenue stream to prior periods in order to identify and follow up any unusual trends; • performing detailed testing of a sample of contracts for compliance with contractual terms, the Group's revenue recognition policies and recognition in the appropriate period; • examining management's listing of work in progress and comparing to the corresponding sales contract and other supporting documentation; and • assessing the adequacy of the related disclosures within 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. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the 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 10 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Bulletproof Group 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 AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 30 August 2017

The shareholder information, required by the ASX Limited Listing Rules, set out below was applicable as at 29 August 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options
1 to 1,000	116	-
1,001 to 5,000	1,018	-
5,001 to 10,000	584	-
10,001 to 100,000	966	-
100,001 and over	147	1
	2,831	1
Holding less than a marketable parcel	1,237	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Woodward Family Company Pty Ltd	26,188,349	16.49
Domains and Web Pty Ltd	20,064,249	12.63
RBC Investor Services Australia Nominees Pty Limited	9,072,300	5.71
J P Morgan Nominees Australia Limited	8,562,943	5.39
Ferlito And Pfeiffer Family Company Pty Ltd	8,210,765	5.17
Raptor Racing Pty Ltd	2,774,624	1.75
BM Capital Management Pty Ltd	2,727,500	1.72
Kim Lee	2,206,742	1.39
BM Capital Management Pty Ltd	2,204,820	1.39
JAPEM Pty Ltd	1,672,769	1.05
Ms Jaculin Kerry Modesto	1,602,232	1.01
Mark Randall	1,568,635	0.99
Mrs Jaculin Kerry Modesto	1,145,225	0.72
Dr Hedley Sandler & Mrs Beverley Anne Sandler	1,100,000	0.69
Mr Frank William Penhalluriack & Mrs Esther Tang	1,039,536	0.65
One Managed Invt Funds Ltd	935,979	0.59
Mr Patrick Chong & Mrs Patricia Chong	910,000	0.57
DWS Super Investments Pty Ltd	850,000	0.54
Mrs Kylie Turner	778,804	0.49
Villaford Pty Ltd	628,000	0.40
	94,243,472	59.34

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	500,000	1

Name	Class	Number held
Craig Farrow	Ordinary	500,000

Substantial holders
The number of substantial shareholders and their associates advised to the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Woodward Family Company Pty Ltd	26,188,349	16.49
Domains and Web Pty Ltd	20,064,249	12.63
MicroEquities Asset Management Pty Ltd	8,437,443	5.31
Ferlito And Pfeiffer Family Company Pty Ltd	8,210,765	5.17

Voting rights
The voting rights attached to ordinary shares are set out below:

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

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Shares in Employee Share Ownership Plan	7 February 2019	306,250
Shares in Employee Share Ownership Plan	12 March 2018	99,999
Shares in General Employee Share Plan	7 February 2019	322,500
Shares in General Employee Share Plan	12 March 2018	254,974
Options over ordinary shares	7 November 2021	500,000
		1,483,723