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

Details of the reporting period and the previous corresponding period.

Reporting Period	Financial Year ended	**30 June 2018**
Previous Corresponding Period	Financial Year ended	**30 June 2017**

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

Revenue from ordinary activities	$	**8,013,289**
Previous corresponding period	$	**9,007,016**
Percentage change up or down from the previous corresponding period of revenue from ordinary activities	%	**(11.03%)**

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

Loss from ordinary activities after tax	$	**(11,653,319)**
Previous corresponding period	$	**(8,630,187)**
Percentage change up or down from the previous corresponding period of loss from ordinary activities after tax attributable to members	%	**(35.03%)**

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

Loss attributable to members	$	**(11,653,319)**
Previous corresponding period	$	**(8,630,187)**
Percentage change up or down from the previous corresponding period of net loss for the period attributable to members	%	**(35.03%)**

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

No dividends proposed relating to the reporting period

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

Reporting Period	cents	**0.48**
Previous Corresponding Period	cents	**1.21**

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

Revenue by Principal Activity

Adslot Ltd derives revenue from three principal activities:

1. **Trading Technology** – is made up of:

    - **Licence Fees** (annual subscription revenue), derived predominantly from *Symphony*, a global enterprise SaaS business providing market-leading workflow automation technology to the world's largest media buying agencies*;* and
    - **Trading Fees** (% of trade value), derived predominantly from *Adslot*, a leading global media trading technology platform that enables the world's largest advertisers and publishers to trade premium display advertising directly.

2. **Services** – comprises **Services Fees** derived from:

    - *Webfirm*, an Australian-based digital marketing services business, providing website design, hosting, search engine optimisation (SEO), search engine marketing (SEM) and social media marketing services; and
    - project-based customisation of *Symphony* and *Adslot's* Trading Technology.

3. **Adserving** - old, non-strategic ad serving technology that was discontinued in the first quarter of the financial year. Adserving will cease to be broken out and reported in future financial statements.

The strategic focus of the Company is the growth of its *Symphony* and *Adslot* Trading Technology businesses.

Principal Activity	Profile	FY18 Revenue ($)	FY17 Revenue ($)	YOY Growth Rate
Trading Technology	Global opportunity, rapidly emerging, highly strategic and key growth driver	**5,146,668**	5,379,387	(4%)
Services	Complimentary to Trading Technology, stand-alone non-strategic	**1,765,778**	1,871,159	(6%)
Adserving	Discontinued end of September 2017, and will no longer be reported in future financial statements.	**86,967**	608,694	(86%)

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

The current reporting period loss after tax of $11,653,319 is an increase to the loss of $8,630,187 from the previous corresponding period, as discussed in the Review of Operations found on pages 7 to 11.

Audited results

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

Other Appendix 4E disclosures

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

Specifically we draw readers' attention to the Review of Operations and Likely Developments found on pages 7 and 10 respectively.

ADSLOT LTD

ABN 70 001 287 510

FINANCIAL STATEMENTS
for the year ended 30 June 2018

CONTENTS

Directors' Report

Your Directors present their report, together with the financial report of Adslot Ltd ACN 001 287 510 ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2018 and the auditor's report thereon.

Information on Directors

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

Mr Ian Lowe resigned from his appointment as director on 27 February 2018.
Mr Andrew Dyer was appointed as a director on 28 May 2018.

Mr Andrew Barlow
Executive Chairman
(Age 45)

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

Mr Barlow is currently a director of Nitro Software, Inc., a leading provider of PDF creation, conversion and editing software and e-signing cloud services.

Mr Barlow was appointed as Executive Chairman of Adslot on 27 February 2018. He was the Non-Executive Chairman prior to 27 February 2018.

Mr Adrian Giles
Non-Executive Director
(Age 44)

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

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

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

Mr Giles is Chair of the Remuneration Committee.

Mr Ben Dixon
Interim CEO and Executive Director
(Age 44)

Mr Ben Dixon's career in the advertising industry goes back over 19 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular he was responsible for the development and implementation of e-commerce and online strategies across a number of advertisers.

In late 1999 Ben conceptualised and then co-founded Facilitate Digital Pty Ltd, assuming the role of General Manager. In the subsequent 3 years he played an integral role in steering the business through an industry collapse to a position of strength. Ben was appointed Chief Executive Officer of Facilitate when Adslot acquired it in December 2013.

Mr. Dixon was interim Company Secretary from 15 July 2018 to 9 October 2018. He was appointed as the interim CEO on the 27 February 2018.

Mr Quentin George
Non-Executive Director
(Age 48)

Quentin George is one of the advertising industry's most credentialed and respected thought leaders. Based in the United States, Mr George has previously served as the Chief Digital and Innovation Officer at IPG Mediabrands, where he was responsible for overseeing $2b in digital media spend across global media agency networks, as well as specialist digital agencies for Fortune 500 brands.

Mr George has also previously held the positions of Global Head of Digital Media and Strategic Innovation, and President, Global at Universal McCann. In 2008, Mr George led the team that architected and built the industry's first ever, standalone programmatic media-buying agency, Cadreon, which he successfully grew into a multi-national organisation encompassing North America, Europe and Asia-Pacific.

Mr George has also previously served on the customer advisory boards of Google, Microsoft Advertising, Yahoo! and AOL. He has also served on high-profile industry advisory boards including the Internet Advertising Bureau (IAB) and the American Association of Advertising Agencies (AAAA's), and has held senior leadership roles at digital agencies such as Razorfish and Organic.

Ms Sarah Morgan
Non-Executive Director
(Age 48)

Sarah has extensive experience in the finance industry, primarily as part of independent corporate advisory firm Grant Samuel. Sarah has been involved in public and private company mergers and acquisitions, as well as equity and debt capital raisings. Sarah holds a degree in Engineering and a Master of Business Administration from the University of Melbourne and is a Graduate of Australian Institute of Company Directors. Sarah is also Non-Executive Director of the National Gallery of Victoria Foundation.

Directorships of other Australian Listed Companies during the past 3 years:

- Hansen Technologies Limited (ASX:HSN) from October 2014 to current.
- Future Generation Global Investment Company (ASX:FGG) from July 2015 to current.

Ms Morgan is Chair of the Audit and Risk Committee.

Mr Andrew Dyer
Non-Executive Director
(Age 54)

Andrew Dyer is a Senior Partner and Director of The Boston Consulting Group (BCG). Mr Dyer has held local, regional and global leadership positions, including leading BCG's People & Organization and Enablement Practices. He has also been a member of BCG's global Executive Committee and held various roles on a number of BCG Board Committees and initiatives.

Mr Dyer has over 24 years' consulting experience supporting senior executives in leading companies around the world, with a particular focus on financial and other services businesses.

Prior to joining BCG in 1994, Mr Dyer worked for the Commonwealth Bank and the Australian Federal Government.

Mr Dyer was appointed as a director on 28 May 2018.

Ms Felicity Conlan
Company Secretary
(Age 52)

Ms Conlan brings to the Company extensive experience in the media/advertising and technology sectors where she has held General Manager - Finance and CFO roles with companies including M&C Saatchi, Network Ten, Beattie McGuinness Bungay (London) and Genero Media.

Ms Conlan is a member of CPA Australia and a member of the Australian Institute of Company Directors.

Ms Conlan was appointed as Chief Financial Officer on 30 August 2017 and Company Secretary on 9 October 2017.

Mr. Ian Lowe resigned as CEO and Executive Director on 27 February 2018.
Mr. Brendan Maher resigned as Company Secretary as of 14 July 2017.

Directorships of other listed companies

Other than those disclosed on pages 4 to 5 of this Annual Report no director holds a Directorship in any other listed companies in the three year period immediately before the end of the financial year.

Directors' shareholdings

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

Directors	Ordinary Shares #	Share Rights #	Share Options #	ESOP Shares #	Performance Rights #
Mr Andrew Barlow	35,674,668	-	-	-	-
Mr Adrian Giles	7,551,452	-	-	-	-
Mr Ben Dixon	37,353,660	-	1,000,000	-	250,000
Mr Quentin George	-	-	-	1,000,000	-
Ms Sarah Morgan	200,500	-	-	-	-
Mr Andrew Dyer	21,659,342	-	4,000,000	-	-

Remuneration of directors and senior management

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

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2018 and the number of meetings attended by each Director.

	Board of Directors		Remuneration Committee		Audit and Risk Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Mr Andrew Barlow	14	14	3	3	-	-
Mr Ian Lowe (i)	9	9	-	-	-	-
Mr Adrian Giles	14	14	3	3	4	4
Mr Ben Dixon	14	14	-	-	-	-
Mr Quentin George	14	13	3	1	-	-
Ms Sarah Morgan	14	14	-	-	4	4
Mr Andrew Dyer (ii)	2	2	-	-	-	-

(i) Mr. Lowe resigned as Director on 27 February 2018.

(ii) Mr Dyer was appointed as Director on 28 May 2018. Mr Dyer has also been appointed a member of the Company's Audit and Risk Committee.

Principal activities

Adslot Ltd derives revenue from three principal activities:

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

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

3. **Adserving** - technology that enables advertisers to deliver, measure and optimise the performance of online display advertising. For strategic reasons the Company decided to discontinue providing Adserving services in the first quarter of the financial year.

Operating Results

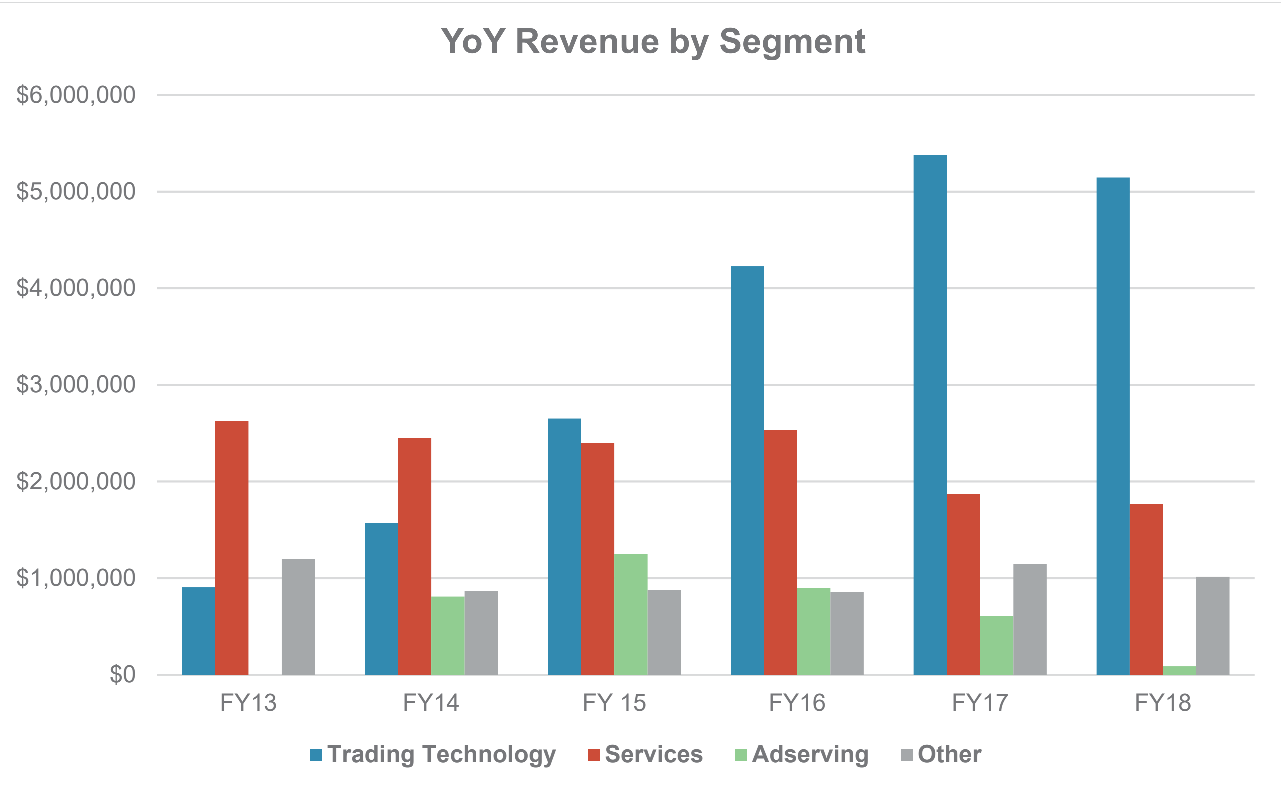
Group revenues for the FY18 period were $8,013,289, a decrease of 11% versus the year prior ($9,007,016).

The Consolidated Group operating loss before interest, income tax, depreciation and amortisation (EBITDA) of $6,340,479, an increased loss versus prior year of $4,239,255 or 50%.

The Consolidated Group operating loss of $11,653,319 is 35% higher than the loss for the prior year of $8,630,187.

Review of Operations

The financial year ended 30 June 2018 was a challenging one for the Company. Total group revenue of $8.0m represented an 11% decrease on the prior financial year. Revenue declines were driven in part by the cessation of the Company's non-strategic ad serving platform (a reduction of $521k) and lower interest income (a reduction of $164k). Revenues generated from Trading Technology were modestly down by 4% compared to the prior financial year.



In response to business performance, the Board undertook a strategic review of operations in February 2018 with the objective of identifying a path to returning the business to growth and ultimately profitability. This review identified the following items as key priorities for the business:

1. Maintain the *Symphony* product and grow its user base;
2. Focus on the US market for Trading Fees; and
3. Implement a cost reduction plan.

The subsequent six months have shown considerable progress towards these three objectives, and as a result, the Company commences the 2019 financial year better placed to deliver revenue growth and improved cash flows over the coming year.

Key Objective	Progress
1. Symphony Growth	Updated agreement with GroupM. Forecast growth of 38.7% in *Symphony* License Fees in FY19.
2. US Market Trading Fees	Strong improvement in the value of media traded via *Adslot Media* in the US market driven by increased engagement with advertisers, agencies and publishers..
3. Cost Reductions	Reduction in Q4 FY18 outgoing cash costs (excluding publisher payments) of $829k, including savings on employment costs of $643k.

Trading Technology

The strategic focus of the business remains Trading Technology revenues. These revenues are comprised of:

- *Licence Fees* – derived mostly from *Symphony*, a market-leading workflow automation tool, but also from Adslot customised legacy solutions (eg. Suburb Sponsorship tool for REA); and

- *Trading Fees* – fees charged as a percentage of media traded via the stand alone *Adslot Media* platform and also via *Symphony*. Adslot earns a higher average Trading Fee (% of trade value) from media traded via *Adslot Media* on a standalone basis.

Symphony

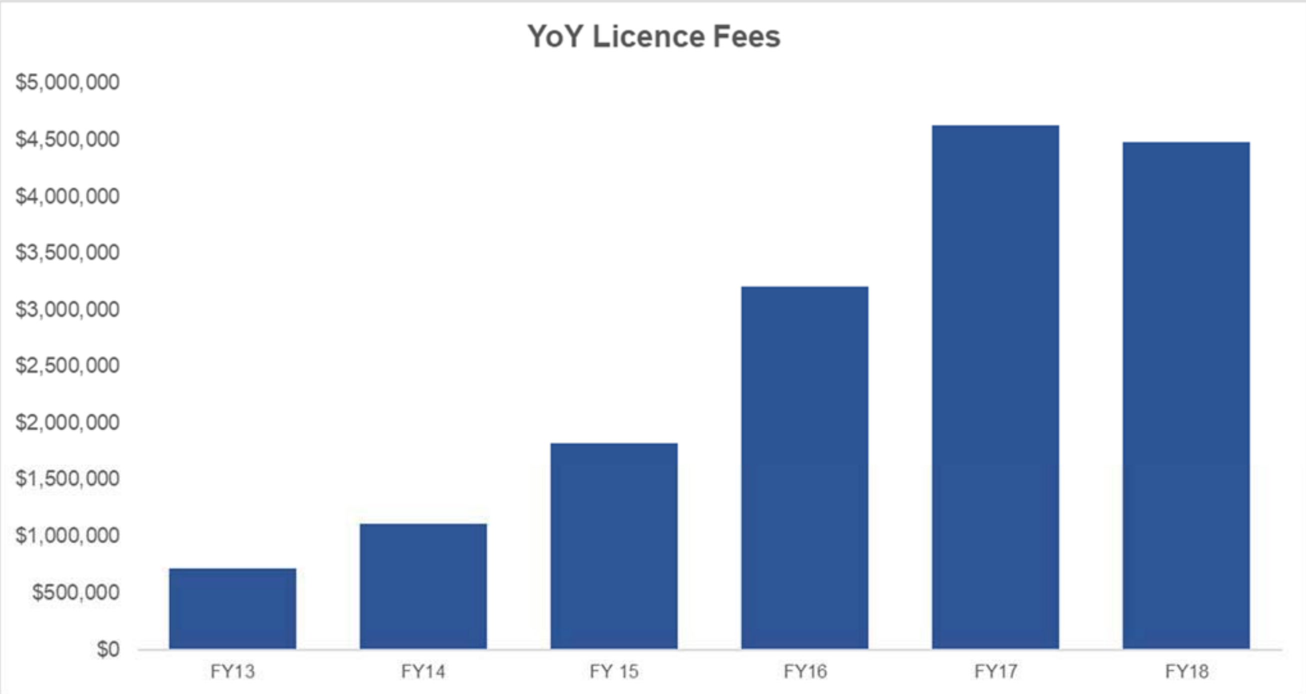
Significant events for the past year for *Symphony* include:

- Successful deployment of *Symphony* for GroupM into two new markets in Europe (Turkey and Belgium); and
- Successful deployment of *Symphony* for GroupM into India, which is anticipated to be the second largest deployment of the *Symphony* platform to date.

Subsequent to the end of the financial year, the Company also completed a re-negotiation of the Company's agreement with the world's largest media buyer, GroupM. The updated terms of this agreement include:

- Agreement on five new markets for deployment in FY19; and
- Anticipated growth in *Symphony* License Fees from $3.96m to $5.50m (38.7%) in FY19.

Total License Fee revenues were $4.47m in FY18, representing a modest decline of 3% on the prior financial year. Additional License Fees for newly deployed markets were offset by a reduction in License Fees from legacy clients in the US market ending *Symphony* contracts in the prior financial year.



Adslot Media

Significant events for the past year for *Adslot Media* include:

- A renewed focus on the US market as the likely source of strong growth in Trading Fee revenues;
- A successful pilot with a top 5 US advertiser for use of the *Adslot Media* platform;
- Continued success in signing top tier US publishers to the *Adslot Media* platform; and
- Development and deployment of the *Audience First* capability. This unique feature allows advertisers to leverage their own 1st party data assets in a forward guaranteed manner with premium publishers.

Trading Fee revenues of $670k in FY18 were disappointing and did not represent the significant investment and progress made in developing the US market opportunity.

Subsequent to financial year end, and as disclosed in the Company's trading update of 29 August 2018, this improved performance has seen:

- The value of media traded via the stand alone *Adslot Media* platform for the quarter to date (as at 29 August 2018) represent 190% of the total 4th quarter of FY18; and

- Additional high quality publishers being onboarded to the *Adslot Media* platform as well as existing publishers adopting the *Audience First* capability.

Services

Services revenue is derived predominantly from *Webfirm*, the Company's Australian-based digital marketing services business, providing website design, hosting, search engine optimisation (SEO), search engine marketing (SEM) and social media marketing services ($1.69m). Services revenue is also derived to a lesser extent custom development work for *Symphony* customers.

86% of the Company's Services revenue is recurring subscription revenue derived mostly from web hosting, SEO and SEM.

FY18 saw a 5.6% decline in Services revenue, due to reduced performance in the Webfirm business.

Adserving

The Company's non-strategic *Adserving* business was wound down and closed on Q2 FY18. The Company will no longer report on Adserving revenue.

Matters Subsequent to the End of the Financial Year

On 3 August 2018 the Company successfully completed a $3.50 million share placement (Placement). The Placement involved the issue of 140,000,000 new, fully paid ordinary shares (New Shares) at $0.025 per New Share (Offer Price) to raise $3.50 million (before costs). The Placement was conducted in two tranches. The first tranche comprising 118,000,000 New Shares at the Offer Price ($2.95 million) placed to sophisticated and institutional investors completed in August 2018. The second tranche comprising 22,000,000 New Shares at the Offer Price ($0.55 million) will be placed to Directors and related parties subject to shareholder approval at a General Meeting to be held on 14 September 2018. The details of this capital raising are disclosed on note 27.

Environmental regulations

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

Dividends

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

Shares under option

Details of unissued shares or interests under option as at the date of signing this report are.

Issue Type	Expiry Date	Exercise Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Forfeited during the year (Number)	Exercised during the year (Number)	Balance at end of the year (Number)
Ordinary options	4/10/21	0.073	-	3,000,000	-	-	3,000,000
Ordinary options	25/11/21	0.060	-	6,550,000	(750,000)	-	5,800,000
Ordinary options	25/02/22	0.035	-	25,750,000	(2,250,000)	-	23,500,000
Ordinary options	15/05/22	0.034	-	12,700,000	-	-	12,700,000
Ordinary options	27/05/22	0.036	-	4,000,000	-	-	4,000,000
			-	**52,000,000**	**(3,000,000)**	**-**	**49,000,000**

Shares subject to rights

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

Executive Performance Rights

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
Performance Rights	26/08/15	Nil	1,090,000	-	(790,000)	(300,000)	-
Performance Rights	27/06/16	Nil	400,000	-	(400,000)	-	-
Performance Rights	01/09/16	Nil	7,750,000	-	(2,687,500)	(2,937,500)	2,125,000
			9,240,000	**-**	**(3,877,500)**	**(3,237,500)**	**2,125,000**

Indemnification and Insurance of Officers

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

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

Proceedings on behalf of the Company

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

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

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 22 of the financial report. Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 20 to the financial statements.

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

Remuneration Report

The remuneration report is set out under the following headings:

Section 1: Non-executive directors' remuneration

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

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

For the 2018 financial year, the Chairman's fees were $100,000 per annum. Non-executive directors' fees were $50,000 per annum. In addition, the Chair of the Audit & Risk Committee and the Remuneration Committee received a further $25,000 in recognition of the additional workload of those positions.

Section 2: Executive remuneration

The Board of Directors are responsible for determining and reviewing compensation arrangements for key management personnel and the executive team. The Remuneration Committee makes recommendations on remuneration of key management personnel to the Board.

The Board assesses the appropriateness of the nature and amount of emoluments of these employees on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit by:

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

Executives' remuneration consists of a fixed cash component, short-term incentives in the form of cash bonuses, and long-term incentives in the form of equity-based compensation linked to the long term prospects and future performance of the Company. The inclusion of equity-based compensation in executives' remuneration provides a direct link between their remuneration and shareholder wealth, otherwise there are no direct relationships.

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

Item	2018	2017	2016	2015	2014
EPS (cents)	(0.91)	(0.70)	(0.77)	(0.89)	(1.20)
Net loss ($)	11,653,319	8,630,187	8,138,485	9,205,521	10,095,562
Share price at 30 June ($)	0.026	0.051	0.110	0.090	0.115

The above indices are below the Committee's expectations, and accordingly no short-term incentives were paid to KMP during the year.

Remuneration Report (Continued)

Section 3: Details of remuneration

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

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

Directors	**Position**	**Date appointed/resigned**
Mr Andrew Barlow	Executive Chairman Non-Executive Chairman Non-Executive Director	Appointed 27 February 2018 Appointed 26 November 2013 Appointed 16 February 2010
Mr Ben Dixon	Interim Chief Executive Officer Interim Company Secretary Executive Director	Appointed 27 February 2018 15 July to 9 October 2017 Appointed 23 December 2013
Mr Andrew Dyer	Non-Executive Director	Appointed 28 May 2018
Mr Quentin George	Non-Executive Director	Appointed 14 June 2014
Mr Adrian Giles	Non-Executive Director	Appointed 26 November 2013
Mr Ian Lowe	Chief Executive Officer	Resigned 27 February 2018
Ms Sarah Morgan	Non-Executive Director	Appointed 27 January 2015
Executive Officers		
Ms Felicity Conlan	Company Secretary Chief Financial Officer	Appointed 9 October 2017 Appointed 30 August 2017
Mr Brendan Maher	Company Secretary / Chief Financial Officer	Resigned 14 July 2017
Mr Tom Peacock	Group Commercial Director	Appointed 23 December 2013

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

Group 2018	Short-term benefits			Long Term Benefits	Post-employment benefits	Share-based payment		
Name	Salary & fees $	Short Term Incentive $	Other $	Long Service Leave $	Super-annuation $	Share Options $	Performance Rights $	Total $
Executive directors								
Mr A Barlow (i)	141,324	-	-	-	8,676	-	-	150,000
Mr B Dixon	206,000	-	-	3,975	19,570	6,817	53,125	289,487
Mr I Lowe (ii)	360,000	-	-	-	20,049	13,635	-	393,684
Non-executive directors								
Mr A Giles	75,000	-	-	-	-	-	-	75,000
Mr Q George	50,000	-	-	-	-	4,095	-	54,095
Ms S Morgan	68,493	-	-	-	6,507	-	-	75,000
Mr A Dyer (iii)	-	-	-	-	-	32,392	-	32,392
Other key management personnel								
Ms F Conlan (iv)	211,956	-	-	-	17,360	35,036	-	264,352
Mr T Peacock	224,000	-	-	8,108	20,049	35,036	83,097	370,290
Mr B Maher (v)	20,538	-	-	-	1,771	-	-	22,309
Totals	**1,357,311**	**-**	**-**	**12,083**	**93,982**	**127,011**	**136,222**	**1,726,609**

(i) includes $50,000 consultancy fees incurred since his appointment as an Executive Chairman.
(ii) resigned as CEO and Executive Director on 27 February. Continued to be a key management personnel for the rest of the year. Figures represent annual remuneration.
(iii) from 28 May 2018.
(iv) from 30 August 2017.
(v) to 14 July 2017.

Short Term Incentives

No Short Term Incentives (STIs) were paid in the year ended 30 June 2018 relating to the 2017 financial year. The total 2017 STI opportunity is outlined in the table below.:

Name	Amount Paid $	Total 2017 STI Opportunity $	Assessment Criteria
Mr I Lowe	-	150,000	Company performance to budget, product development and launch, and client & partnership signings.
Mr B Dixon	-	55,000	Performance related KPI's.
Mr B Maher	-	45,063	Division performance, governance, reporting and performance related KPI's.
Mr T Peacock	-	N/A (a)	Performance related KPI's.

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

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

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

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

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

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

Short Term Incentives

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

Name	Amount Paid $	Amount available in future periods $	Total 2016 STI Opportunity $	Assessment Criteria
Mr I Lowe	20,623	-	150,000	Company performance to budget, product development and launch, and client & partnership signings.
Mr B Dixon	10,000	-	55,000	Performance related KPI's.
Mr B Maher	10,000	-	45,063	Division performance, governance, reporting and performance related KPI's.
Mr T Peacock	10,000	-	N/A (a)	Performance related KPI's.

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

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

Remuneration Report (Continued)

Section 4: Executive contracts of employment

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

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

Remuneration Report (Continued)

Section 5: Long Term Incentives (equity-based compensation)

Performance Rights over Shares

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

The Performance Rights over Shares Plan was replaced by the Incentive Option Plan in financial year 2018 and as such there have been no new Performance Rights granted during the year ending 30 June 2018. The Performance Rights over Shares Plan will conclude by 30 June 2019.

The following table shows grants of share-based compensation to directors and senior management under the Performance Rights over Shares Plan during the 2018 financial year:

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)
Ben Dixon	Sep 16	500,000	-	-	(250,000)	250,000
Brendan Maher	Sep 16	750,000	-	(750,000)	-	-
Tom Peacock	Sep 16	750,000	-	-	(375,000)	375,000
		2,000,000	**-**	**(750,000)**	**(625,000)**	**625,000**

The final assessment of the balance of Performance Rights will occur in September 2018.

No Performance rights to shares were granted to KMP during the year ended 30 June 2018.

The following table shows grants of share-based compensation to directors and senior management under the Performance Rights over Shares Plan during the prior year ending 30 June 2017:

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

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

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

Remuneration Report (Continued)

Section 5: Long Term Incentives (equity-based compensation)

Employee share option plan (ESOP)

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

The ESOP was replaced by the Performance Rights over Shares Plan in financial year 2015 and as such there have been no new ESOP rights granted during the years ending 30 June 2015 to 30 June 2018.

There was no vesting of ESOP share-based compensation to directors and senior management under the ESOP for the current financial year ended June 2018 (2017: nil).

Rights over Shares under the Company's previous ESOP

Upon commencement of his employment on 8 October 2012 Mr Lowe was granted the right to receive up to 17,000,000 shares after the share price of the Company trades above certain 30 day volume-weighted average price (VWAP) hurdles. Each right would convert into one ordinary share of Adslot Ltd when the VWAP criteria was met. In the event of a Change of Control of the Company some of the Rights over Shares would have vested on a sliding scale between the take-over price and required VWAP of the next eligible series.

No amounts would have been paid or payable by the recipient on receipt of the right. The rights carried no voting rights. Mr Lowe has signed a Separation and Exit Deed with the Company with a separation date of 27 August 2018. All of Mr Lowe's Share Rights will automatically lapse on the separation date.

Remuneration Report (Continued)

Section 5: Long Term Incentives (equity-based compensation)

Incentive Option Plan

At the November 2017 Annual General Meeting, shareholders approved the creation of the Company's Incentive Option Plan which enables the Board to offer eligible employees and directors the right to options which convert to fully-paid ordinary shares upon exercise, subject to meeting certain vesting criteria.

The objective of the Incentive Option Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Incentive Option Plan and the future issue of options under the Incentive Option Plan will provide selected employees and directors with the opportunity to participate in the future growth of the Company.

Part of the strategic review of operations included a review of the incentives for key executives to ensure their efforts are aligned with company growth and shareholder outcomes. Adslot continues to operate within a highly competitive employment environment for experienced people in the technology and software field. Whilst the performance of the business and our related cost reduction plan limited our ability to incentivise by increasing base or short term cash incentives across executives we were instead able to provide an option allocation to the management team designed to provide a strong incentive to continued commitment to the business and increasing shareholder value.

No amounts are paid or payable by the recipient on the receipt of the options. The options carry no voting rights. All options are subject to service periods which require the employees remain an employee or Director of the Company.

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

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)	Vested and exercisable at the end of the year (Number)
Ian Lowe (i)	OP # 18-1	-	2,000,000	-	-	2,000,000	-
Ben Dixon	OP # 18-1	-	1,000,000	-	-	1,000,000	-
Felicity Conlan	OP # 18-2	-	1,000,000	-	-	1,000,000	-
Tom Peacock	OP # 18-2	-	1,000,000	-	-	1,000,000	-
Felicity Conlan	OP # 18-3	-	6,500,000	-	-	6,500,000	-
Tom Peacock	OP # 18-3	-	6,500,000	-	-	6,500,000	-
Andrew Dyer (ii)	OP # 18-5	-	4,000,000	-	-	4,000,000	2,000,000
		-	**22,000,000**	**-**	**-**	**22,000,000**	**2,000,000-**

(i) Based on the Separation and Exit Deed signed with the Company, Mr Lowe is entitled to retain the 2,000,000 options issued to him. The Board has agreed to exercise its discretion to waive the vesting condition that Mr Lowe remains an employee. If a strategic project Mr Lowe is engaged in is completed on or before 27 September 2018, the Board has further agreed to exercise its discretion to bring forward the vesting date from November 2019.

(ii) In conjunction with his appointment as Director, Mr Dyer was granted 4 million options. The exercise price of each Option is $0.036 and the Options expire on 27 May 2022. 2 million of the options vested immediately. The remaining 2 million vest in four equal tranches in 6 month intervals from the date of appointment. Mr Dyer has agreed to waive his annual base director fees of $50,000 per annum for the first two years of his directorship.

Remuneration Report (Continued)

Section 5: Long Term Incentives (equity-based compensation)

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2018 included:

Model Input	OP # 18-1	OP # 18-2	OP # 18-3	OP # 18-5
Grant Date	5/10/17	26/11/17	26/02/18	28/05/18
Expiry Date	4/10/21	25/11/21	25/02/22	27/05/22
Exercise Price $	0.073	0.060	0.035	0.036
5 day VWAP at Grant Date $	0.050	0.041	0.024	0.025
Expected Volatility	62.62%	61.92%	69.20%	86.58%
Risk Free Interest rate	1.83%	1.83%	1.99%	2.02%

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

	Options/Rights Granted During the Year				Rights Vested During the Year			
Name	2018 (Options)		2017(Rights)		2018 (Rights)		2017 (Rights)	
	Number	$	Number	$	Number	$	Number	$
Directors								
Mr Adrian Giles	-	-	-	-	-	-	-	-
Mr Ian Lowe	2,000,000	39,200	-	-	-	-	-	-
Mr Andrew Barlow	-	-	-	-	-	-	-	-
Mr B Dixon	1,000,000	19,600	500,000	62,500	250,000	31,250	250,000	26,250
Mr Q George	-	-	-	-	-	-	-	-
Ms S Morgan	-	-	-	-	-	-	-	-
Mr A Dyer	4,000,000	55,208	-	-	-	-	-	-
Other Key Management Personnel								
Ms F Conlan	7,500,000	84,722	-	-	-	-	-	-
Mr B Maher	-	-	750,000	93,750	-	-	416,667	43,750
Mr T Peacock	7,500,000	84,722	750,000	93,750	375,000	46,875	333,334	35,000

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

Remuneration Report (Continued)

Section 6: Equity holdings and transactions

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

2018 **Name**	**Balance at the start of the year** **(Number)**	**Received during the year as compensation** **(Number)**	**Net other changes during the year** **(Number)**	**Balance at the end of the year** **(Number)**
Directors				
Mr A Giles	20,069,707	-	(12,518,255)	7,551,452
Mr A Barlow	50,050,000	-	(14,375,332)	35,674,668
Mr I Lowe (i)	14,552,838	-	(3,897,596)	10,655,242
Mr B Dixon	37,103,660	250,000	-	37,353,660
Mr Q George	-	-	-	-
Ms S Morgan	170,000	-	30,500	200,500
Mr A Dyer (ii)	-	-	21,659,342	21,659,342
Other key management personnel				
Ms F Conlan	-	-	500,000	500,000
Mr T Peacock	4,409,309	375,000	(1,555,502)	3,228,807
Totals	**126,355,514**	**625,000**	**(10,156,843)**	**116,823,671**

(i) Mr Lowe resigned as a director on 27 February 2018
(ii) Mr Dyer was appointed as a director on 28 May 2018.

Section 7: Other transactions with Key Management Personnel

Transactions with Directors and their personally related entities:

During the years ending 30 June 2018 and 30 June 2017 there were no transactions with Directors and their personally related entities.

This marks the end of the audited remuneration report.

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

Andrew Barlow

Chairman

29 August 2018

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Auditor's Independence Declaration

To the Directors of Adslot Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Adslot Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner

Melbourne, 29 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 $	2017 $
Total revenue from continuing operations	3	**7,072,464**	7,574,682
Other income	3	**940,825**	1,432,334
Total revenue and other income	3	**8,013,289**	9,007,016
Hosting & other related technology costs		**(832,936)**	(686,624)
Employee benefits expense	4,10	**(8,943,887)**	(8,139,988)
Directors' fees		**(350,000)**	(270,833)
Recruitment fees		**(99,935)**	(238,350)
Advertising expense		**(221,407)**	(160,424)
Lease – rental premises	4	**(958,707)**	(1,074,702)
Impairment of receivables	4	**(4,537)**	(17,747)
Listing & registrar fees		**(92,392)**	(119,299)
Legal fees		**(140,071)**	(49,507)
Travel expenses		**(420,995)**	(488,180)
Consultancy fees		**(264,869)**	(212,775)
Audit and accountancy fees		**(185,744)**	(196,936)
Other expenses	4	**(900,468)**	(936,303)
Share based payment expense	22	**(777,804)**	(330,467)
Depreciation and amortisation expenses	4	**(5,442,959)**	(4,685,082)
Total expenses		**(19,636,711)**	(17,607,217)
Loss before income tax expense		**(11,623,422)**	(8,600,201)
Income tax benefit / (expense)	5	**(29,897)**	(29,986)
Loss after income tax expense		**(11,653,319)**	(8,630,187)
Net loss attributable to members		**(11,653,319)**	(8,630,187)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation		**(4,136)**	3,194
Total other comprehensive income / (loss)		**(4,136)**	3,194
Total comprehensive loss attributable to the members		**(11,657,455)**	(8,626,993)

		2018 Cents	2017 Cents
Earnings per share (EPS) from loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	17	**(0.91)**	(0.70)
Diluted earnings per share	17	**(0.91)**	(0.70)

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 $	2017 $
Current assets			
Cash and cash equivalents	7	**4,775,331**	14,320,147
Trade and other receivables	8	**5,471,925**	4,685,621
Total current assets		**10,247,256**	19,005,768
Non- current assets			
Property, plant & equipment	9	**832,833**	243,744
Deferred tax assets	5	**36,370**	36,370
Intangible assets	10	**23,202,768**	24,747,821
Total non-current assets		**24,071,971**	25,027,935
Total assets		**34,319,227**	44,033,703
Current liabilities			
Trade and other payables	11	**2,925,743**	2,252,581
Other liabilities	12	**445,491**	583,759
Lease Incentive Liability	13	**60,248**	-
Provisions	13	**587,150**	605,590
Total current liabilities		**4,018,632**	3,441,930
Non- current liabilities			
Lease Incentive Liability	13	**555,463**	-
Provisions	14	**360,763**	325,473
Deferred tax liabilities	5	**36,370**	36,370
Total non-current liabilities		**952,596**	361,843
Total liabilities		**4,971,228**	3,803,773
Net assets		**29,347,999**	40,229,930
Equity			
Issued capital	15	**138,397,710**	137,949,047
Reserves	16	**712,654**	389,929
Accumulated losses		**(109,762,365)**	(98,109,046)
Total equity		**29,347,999**	40,229,930

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

2018

	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2017		137,949,047	389,929	(98,109,046)	40,229,930
Movement in foreign exchange translation reserve	16	-	(4,136)	-	(4,136)
Other comprehensive income		-	(4,136)	-	(4,136)
Loss attributable to members of the Company		-	-	(11,653,319)	(11,653,319)
Total comprehensive income/(loss)		-	(4,136)	(11,653,319)	(11,657,455)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	15	-	-	-	-
Reclassification of vested performance rights	15	412,119	(414,399)	-	(2,280)
Net movement in treasury shares		36,544	(36,544)	-	-
Increase in employees share based payments reserve	16	-	777,804	-	777,804
		448,663	326,861	-	775,524
Balance 30 June 2018		138,397,710	712,654	(109,762,365)	29,347,999

2017

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

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts from trade and other debtors		**8,276,865**	11,028,575
Interest received		**157,478**	326,488
Receipt of R&D tax incentive and other Grants		**768,439**	775,241
Payments to trade creditors, other creditors and employees		**(14,476,555)**	(16,251,884)
Income tax received/ (paid)		**-**	-
Interest paid		**(60)**	(594)
Net cash outflows from operating activities	23	**(5,273,833)**	(4,122,174)
Cash flows from investing activities			
Payments for property, plant and equipment		**(134,740)**	(177,950)
Proceeds from sale of fixed assets		**330**	2,750
Receipt of R&D tax incentive relating to capitalised assets		**1,921,946**	1,583,175
Payments for intangible assets		**(6,068,636)**	(4,524,194)
Net cash outflows from investing activities		**(4,281,100)**	(3,116,219)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	18,054,640
Payments of equity raising costs		**-**	(1,219,342)
Net cash inflows from financing activities		**-**	16,835,298
Net increase / (decrease) in cash held		**(9,554,933)**	9,596,905
Cash at the beginning of the financial year		**14,320,147**	4,745,969
Effects of exchange rate changes on cash		**10,117**	(22,727)
Cash at the end of the financial year	7	**4,775,331**	14,320,147

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

Notes to the Financial Statements

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies

The financial report covers Adslot Ltd ('the Company') and controlled entities ('the Group'). Adslot Ltd is a listed public company, incorporated and domiciled in Australia. The financial report is for the financial year ended 30 June 2018 and is presented in Australian dollars.

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

(a) Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Critical accounting estimates

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(b) Going concern

Management continues to invest resources to support growth in trading fees in the US market, and the anticipated market deployments and growth in Symphony licence fees. The Group has incurred net cash outflows of $9.6m for the year, and management anticipate incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

As previously disclosed, and consistent with its stated focus on software development companies, AusIndustry has commenced a review of the Company's FY2016 R&D claim. Management believe its FY2016 R&D claim is consistent with the criteria of the scheme.

If a delay in expected revenues and/or a negative outcome of AusIndustry's review of the FY2016 R&D claim was to occur, this has the potential to create a cash flow risk to the Group which could affect its ability to pay its debts as and when they fall due, and to realise its assets in the normal course of business.

However, the Directors believe the Group will be able to continue to pay its debts as and when they fall due for the following reasons:

- the Group had a cash position of $4.8 million at 30 June 2018;
- on 3 August 2018 the Company raised $3.5 million (before costs and including $0.55 million to be approved at an EGM in mid-September) via a share placement;
- the Group expects to receive $3.3 million in R&D grants in the December 2018 quarter, relating to R&D expenditure incurred in FY2018;
- as previous announced, a 38.7% or $1.5 million increase to Symphony licence fees in FY2019;
- a cost reduction plan which was implemented at the end of February 2018, and the full effects of which are expected to be realised in FY2019;
- the opportunity to implement further cost reductions; and
- the ability to raise additional capital.

Accordingly, the Directors believe there exists a reasonable expectation that the Company can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

(c) Principles of consolidation

Subsidiaries

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

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

Investments in subsidiaries are accounted for at cost less impairment losses in the parent entity information in Note 25.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(c) Principles of consolidation (Continued)

Business combinations

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

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

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

Foreign Currency Exchange

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

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

(d) Cash and cash equivalents

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment

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

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

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

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

(f) Receivables

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

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

(g) Investments and other financial assets

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

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

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

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

Notes to the Financial Statements (Continued)

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(h) Trade and other creditors – financial liabilities

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

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

(i) Borrowings

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

(j) Finance costs

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

(k) Income tax

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

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

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

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(k) Income tax (Continued)

Tax consolidation legislation

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

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

(l) Employee benefits

Wages and salaries, annual leave and sick leave

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

Long service leave

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

Share-based compensation benefits

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

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

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

Notes to the Financial Statements (Continued)

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(m) Intangible Assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (acquisition date). Goodwill is measured as the excess of the fair value of consideration paid over the fair value of the identifiable net assets of the entity or operations acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment at least on an annual basis. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

Research and development expenditure

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

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

Intellectual property

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

Domain name

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

Software

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

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

Notes to the Financial Statements (Continued)

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(n) Leased assets

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

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

(o) Goods and services tax

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

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

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

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

Notes to the Financial Statements (Continued)

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(p) Revenue recognition

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

Revenue is recognised for the major business activities as follows:

Revenue from Trading Technology - Licence Fees

Licence Fee revenue is recognised monthly on invoicing as all relevant activities to ensure access and functionality of the platform have been performed by the Company. Revenue is recognised over the duration of the agreement.

Revenue from Trading Technology – Trading Fees

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

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

Rendering of services

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

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

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

Interest revenue

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

Government grants

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

Sale of non-current assets

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

(q) Leasehold improvements

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

(r) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(s) Dividends

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

(t) Impairment of assets

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

(u) Segment reporting

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

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

The Group reports its segments based on geographical locations:

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

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

Critical judgements in applying the entity's accounting policies

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

Revenue recognition

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

Key sources of estimation uncertainty

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

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the fair value less costs to sell of the cash-generating units to which goodwill and intangible assets have been allocated. Under the market-based approach for fair value less costs to sell calculations, the entity is required to estimate the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Company's shares are traded on the Australian Stock Exchange, and in the absence of a binding sale agreement, the year-end share price is used to calculate the asset's market value.

In the event the share price falls an impairment of the related intangible assets may result.

The carrying amount of goodwill and intangible assets at the reporting date was $ 23,202,768 (2017: $24,747,821) and there were no impairment losses (2017: nil) recognised during the current financial year. Refer to Note 10 for further details.

Capitalisation of internally developed software

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

The capitalisation of internally developed software amount for the year was $3,666,409 (2017: $2,605,280). Refer to Note 10 for further details.

Share based payments

The calculation of the fair value of options issued requires significant estimates to be made in regards to several variables such as volatility and the probability of options reaching their vesting period. The estimations made are subject to variability that may alter the overall fair value determined. The share based payment expense for the year was $ 777,804 (2017: $ 330,467).

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

1. Summary of Significant Accounting Policies (Continued)

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

Unrecognised deferred tax assets

As disclosed in Note 5, the Group recognises deferred tax assets relating to temporary differences, capital losses or operating losses when it is probable that they will be able to be utilised in future reporting periods. Due to the continuing operating losses, the Directors have determined it is not appropriate to recognise deferred tax assets until a point in time where it is probable that future taxable income is going to be available to utilise the assets. The tax benefit of deferred tax assets not recognised is $10,541,711 (2017: $ 9,562,457). Refer to Note 5 for further details.

Research and development tax concessions

A receivable of $ 3,279,573 (2017: $ 2,706,250) has been recognised in relation to a research and development tax concession for the 2018 financial year. Refer to Note 8 for further details. The actual claim is yet to be submitted with the Australian Tax Office and therefore there remains some uncertainty in regards to the quantum of the concession to be received. The financial statements reflect the Directors' estimate of the receivable after taking into account the likelihood of each component of the claim being received.

(w) New standards and interpretations issued but not effective

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

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new standard has no impact on the Group's current classification, measurement and derecognition of financial assets and liabilities.

The Group does not have any debt instruments, available-for sale financial assets or any hedging agreements. For trade and other receivable the Group applies the simplified approach permitted by AASB 9, whereby the loss allowance is measured at an amount equal to lifetime expected credit losses. Lifetime expected credit loss is the amount the Group expects to lose due to default events that are possible over the life of the financial instrument.

AASB 15 Revenue from Contracts with Customers

AASB 15 will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified Services revenue from following products will be affected:

<u>Search Engine Optimization (SEO) revenues.</u>

The Group has historically recognised 30% of annual SEO contracts upfront to reflect the initial work involved. However, there is no specific performance obligation nor is there an identifiable transaction price for this initial work. As such as per AASB 15 this upfront work needs to be recognised over time as clients simultaneously receive the service and Webfirm satisfies its obligation to perform. When initially adopted on 1 July 2018, the Group needs to increase deferred revenue by $117,195 and adjust the retained earnings by the same amount.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

Domain Name Registration (DNR) and SSL Certification revenues

DNR services is provided by the Group where the client's domain name is registered for 2 years with a 3rd party registry. SSL Certification services involves obtaining annual SSL Certificates on behalf of the client from a 3rd party and installing in the client's website. Historically these revenues have been recognised over time.

For both DNR and SSL certification, on initial set up the service has been transferred in full to the customer; and the customer is able to realize benefit from service received without further involvement from the Group. Furthermore, the Group separately prices and sells these products. There are no further performance obligations for the Group. Therefore, as per AASB 15, the Group needs to recognize revenue at a point of time not over a period of time. On 1 July 2018 initial adoption the Group will reduce deferred revenue by; $ 25,620 for Domain Names Registration and $ 6,450 for SSL certification and adjust the retained earnings.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $3,604,816, see note 19. The Group estimates that approximately 5% of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

2. Segment Information

2018	APAC	EMEA	The Americas	Total
Operating segments				
Revenue for services rendered (i)	**6,464,519**	**275,999**	**171,929**	**6,912,447**
Segment result from continuing operations	**(5,591,454)**	**(555,384)**	**(1,710,534)**	**(7,857,372)**
Depreciation included in segment result (Note 9)	**223,593**	**772**	**7,132**	**231,498**
Amortisation included in segment result (Note 10)	**5,211,462**	**-**	**-**	**5,211,462**
Additions to non-current assets (PP&E) (Note 9)	**18,208**	**-**	**2,316**	**20,524**
Statement of financial position				
Segment assets	**35,834,855**	**123,351**	**178,056**	**36,136,262**
Segment liabilities	**15,726,667**	**97,445**	**130,848**	**15,954,960**

2017	APAC	EMEA	The Americas	Total
Operating segments				
Revenue for services rendered (i)	6,702,466	217,631	330,449	7,250,546
Segment result from continuing operations	(5,184,422)	(1,487,849)	(1,600,122)	(8,272,393)
Depreciation included in segment result (Note 9)	62,665	997	4,394	68,056
Amortisation included in segment result (Note 10)	4,617,026	-	-	4,617,026
Additions to non-current assets (PP&E) (Note 9)	232,293	1,372	12,810	246,475
Statement of financial position				
Segment assets	36,201,990	232,452	525,257	36,959,699
Segment liabilities	(15,257,765)	(103,487)	(146,682)	(15,507,934)

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

Revenue	2018 $	2017 $
Total segment revenue	**6,912,447**	7,250,546
Head office revenue	**-**	-
Interest revenue	**160,017**	324,136
Total revenue from continuing operations	**7,072,464**	7,574,682

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

2. Segment Information (Continued)

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

Segment Result	2018 $	2017 $
Total segment result	**(7,857,372)**	(8,272,393)
Interest revenue	**160,017**	324,136
Other revenue	**940,825**	1,432,334
Share option expenses	**(777,804)**	(330,467)
Gain / (Loss) on foreign exchange	**44,611**	(13,090)
Income tax benefit/(expense)	**(12,755)**	(11,842)
Profit/ (Loss) on sale/write off of asset	**182**	2,549
Other head office income/(expenses) not allocated in segment result	**(4,151,024)**	(1,761,414)
Loss before income tax from continuing operations	**(11,653,319)**	(8,630,187)

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2018 $	2017 $
Total segment assets	**36,136,262**	36,959,699
Head office assets	**48,289,359**	57,425,836
Intersegment eliminations	**(50,106,394)**	(50,351,832)
Total assets as per the statement of financial position	**34,319,227**	44,033,703

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	2018 $	2017 $
Total segment liabilities	**(15,954,960)**	(15,507,934)
Head office liabilities	**(845,451)**	(669,670)
Intersegment eliminations	**11,829,183**	12,373,831
Total liabilities as per the statement of financial position	**(4,971,228)**	(3,803,773)

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

	2018 $		2017 $	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	**6,657,110**	**24,052,355**	7,184,931	25,007,283
New Zealand	**161,008**	**571**	496,203	1,411
USA	**171,929**	**9,284**	330,449	12,975
Other countries	**1,023,242**	**9,761**	995,433	6,266
Total	**8,013,289**	**24,071,971**	9,007,016	25,027,935

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

2. Segment Information (Continued)

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

Notes to and forming part of the segment information

Business segments

The Group reports its segments based on geographical locations:

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

Accounting policies

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

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

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

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

Inter-segment transfers

Segment revenue reported above represents revenue generated from external customers. There were no Inter segment revenue transfers or expenses to be eliminated on consolidation (2017: nil)

Major customers

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

For the year to 30 June 2018, one customer accounted for 10% or more of revenue (2017: one).

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

3. Revenue and Other Income

	2018 $	2017 $
Revenue		
Revenue from Trading Technology	**5,146,669**	5,379,387
Revenue from Services	**1,765,778**	1,871,159
Total revenue for services rendered	**6,912,447**	7,250,546
Interest revenue	**160,017**	324,136
Total revenue from continuing operations	**7,072,464**	7,574,682
Other income		
Grant income	**853,859**	823,640
Revenue from Adserving	**86,967**	608,694
Total Other Income	**940,825**	1,432,334
Total revenue and other income	**8,013,289**	9,007,016

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

Trading Technology

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

Services

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

Adserving

Technology that enables advertisers to deliver and measure the performance of online display advertising (including impressions, clicks and online sales). For strategic reasons the Company decided to discontinue providing Adserving services in the first quarter of the financial year.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

4. Expenses

	2018 $	2017 $
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation – Software development costs	**5,211,462**	4,617,026
Amortisation – Leasehold improvements	**125,802**	5,848
Depreciation – Computer & Equipment	**102,215**	55,178
Depreciation – Plant & equipment	**3,480**	7,030
Total depreciation and amortisation	**5,442,959**	4,685,082
Other charges against assets		
Impairment of trade receivables	**4,537**	17,747
Employee benefits expense	**8,943,887**	8,139,988
Total capitalised development wages	**6,068,635**	4,527,222
Employee benefits included in Share based payment expense	**741,317**	318,146
Total employee benefits	**15,753,839**	12,985,356
Defined contribution superannuation expense included in Employee benefit expense	**1,026,983**	780,067
Capitalised development wages (net of related grants)	**3,666,409**	2,605,280
Capitalised development wages included in the R&D grant	**2,402,226**	1,921,942
Total capitalised development wages	**6,068,635**	4,527,222
Rental expense – operating leases	**958,707**	1,074,702
Foreign currency (gain) / loss included in Other expenses	**(44,611)**	13,090

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

5. Income Tax Expense

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

	2018 $	2017 $
Loss before income tax	**(11,623,422)**	(8,600,201)
Prima facie tax benefit on loss before income tax at 27.5% (2017: 27.5%)	**(3,196,441)**	(2,365,055)
Tax effect of:		
Other non-allowable items	**14,661**	11,789
Share based expensed during year	**213,896**	90,878
Research and development tax concession	**2,073,293**	1,710,848
Income tax benefit attributable to entity	**(894,591)**	(551,540)
Deferred tax income relating to utilisation of unused tax losses	**-**	-
Deferred tax assets relating to tax losses not recognised	**979,254**	667,198
Other – adjustments and net foreign exchange differences	**(114,560)**	(145,644)
Income tax benefit/(expense) attributable to entity	**(29,897)**	(29,986)

b) Movement in deferred tax balances

				Balance at 30 June 2018		
	Balance at 1 July 2017 $	Recognised in Profit & Loss $	Acquired in Business combination $	Net $	Deferred tax assets $	Deferred tax liabilities $
Trade and other receivables	**(125,957)**	**10,496**	**-**	**(115,461)**	**-**	**(115,461)**
Property, plant and equipment	**199**	**(17)**	**-**	**182**	**-**	**182**
Intangible assets	**165,435**	**(13,786)**	**-**	**151,649**	**-**	**151,649**
Unused tax losses	**(39,677)**	**3,307**	**-**	**(36,370)**	**(36,370)**	**-**
Net tax (assets) / liabilities	**-**	**-**	**-**	**-**	**(36,370)**	**36,370**

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

5. Income Tax Expense (Continued)

c) Deferred tax assets not brought to account

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

	2018	2017
	$	$
Temporary differences	**(5,344,713)**	(4,512,568)
Tax Losses:		
Operating losses	**43,439,948**	39,046,882
Capital losses	**238,258**	238,258
	38,333,493	34,772,572
Potential tax benefit (27.5% 2017: 27.5%)	**10,541,711**	9,562,457

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

Deferred tax liabilities from temporary differences of $1,469,769 (2017: $1,240,956) have not been recognised as they have been offset with deferred tax assets of the same value.

6. Dividends

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

7. Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank and on hand	**3,755,744**	13,681,124
Cash held on behalf of Publishers	**1,019,587**	639,023
	4,775,331	14,320,147

Included in the Cash at Bank is $615,289 (2017: $833,097) of funds held on term deposit as guarantee for our corporate credit card facilities and for the benefit of landlords under office lease agreements.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

8. Trade and Other Receivables

	2018	2017
Current:	**$**	**$**
Trade debtors	**2,042,744**	1,526,780
Less: Allowance for impairment	**(2,370)**	(2,814)
	2,040,374	1,523,966
Research and Development grant receivable	**3,279,573**	2,706,250
Other receivables (i)	**(93,219)**	176,002
Prepayments	**245,197**	279,403
	5,471,925	4,685,621

(i) Includes $116,821erroneously received in June from a trade debtor. This amount was refunded in July.

The average age of the Company's trade debtors is 49 days (2017: 49 days).

(a) Ageing of past due but not impaired

	2018	2017
	$	**$**
0 – 30 days	**255,626**	141,220
31 – 60 days	**228,540**	70,035
61 – 90 days	**53,267**	24,600
Over 91 days	**66,031**	517
	603,464	236,372

(b) Movement in the provision for impairment

	2018	2017
	$	**$**
Balance at beginning of the year	**2,814**	161,683
Impairment recognised during the year	**2,370**	54,852
Amounts written off as uncollectible	**-**	(206,031)
Amounts recovered during the year	**(2,814)**	(7,690)
Net foreign exchange differences	**-**	-
Balance at the end of the year	**2,370**	2,814

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

Fair value of receivables

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

9. Property, Plant and Equipment

	2018 $	2017 $
Leasehold improvements – at cost	**815,965**	133,010
Less: Accumulated amortisation	**(126,466)**	(110,020)
	689,499	22,990
Plant and equipment – at cost	**90,307**	156,190
Less: Accumulated depreciation	**(79,054)**	(131,481)
	11,253	24,709
Computer equipment – at cost	**531,109**	497,285
Less: Accumulated depreciation	**(399,028)**	(301,240)
	132,081	196,045
Total carrying amount of property, plant and equipment	**832,833**	243,744

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

2018

	Leasehold Improvements $	Plant and Equipment $	Computer Equipment $	Total $
Carrying amount at 1 July 2017	**22,990**	**24,709**	**196,045**	**243,744**
Additions	**792,311**	**(8,537)**	**33,456**	**817,230**
Disposals/ Write Offs	**-**	**(1,449)**	**1,197**	**(252)**
Depreciation / amortisation expense	**(125,802)**	**(3,480)**	**(102,215)**	**(231,497)**
Net foreign exchange differences	**-**	**10**	**3,598**	**3,608**
Carrying amount at 30 June 2018	**689,499**	**11,253**	**132,081**	**832,833**

2017

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

10. Intangible Assets

	Internally Developed Software $	Domain Name $	Intellectual Property $	Goodwill $	Total $
Year ended 30 June 2018					
Opening net book amount	**4,721,903**	**38,267**	**4,825,712**	**15,161,939**	**24,747,821**
Additions	**3,666,409**	**-**	**-**	**-**	**3,666,409**
Amortisation	**(1,925,477)**	**-**	**(3,285,985)**	**-**	**(5,211,462)**
Carrying amount at 30 June 2018	**6,462,835**	**38,267**	**1,539,727**	**15,161,939**	**23,202,768**
At 30 June 2018					
Cost	**11,607,437**	**38,267**	**29,045,251**	**15,161,939**	**55,852,894**
Accumulated amortisation and impairment	**(5,144,602)**	**-**	**(27,505,524)**	**-**	**(32,650,126)**
Carrying amount at 30 June 2018	**6,462,835**	**38,267**	**1,539,727**	**15,161,939**	**23,202,768**

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

10. Intangible Assets (Continued)

Internally Developed Software

Internally developed software represents a number of software platforms developed within the Company. The following table shows the portion of platform development costs that are capitalised and expensed for the current financial year, 2018:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	$	$	$
Adslot Publisher and Marketplace	1,432,707	(623,227)	809,480
Symphony	4,635,928	(1,778,999)	2,856,929
	6,068,635	**(2,402,226)**	**3,666,409**

The following table shows the portion of platform development costs that are capitalised and expensed for the prior financial year, 2017:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	$	$	$
Adslot Publisher and Marketplace	1,169,600	(508,776)	660,824
Symphony	3,357,629	(1,413,173)	1,944,456
	4,527,229	(1,921,949)	2,605,280

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

Domain names

Domain names opening carrying value of $38,267 (2017: $38,267) relates to the various domain names held by Webfirm and Adslot. The Directors have assessed that this intellectual property has an indefinite useful life on the basis that the Directors do not believe that there is a foreseeable limit on the period over which this asset is expected to generate cash inflows for the entity.

Intellectual property

Adslot Technologies Pty Ltd (“Adslot”) holds valuable copyright and patent licences (“Licences”) in respect of Combinatorial Auction Platform Technology (“CAP” or “Core IP”) owned by Enterprise Point Pty Ltd and its controlled entities (“Enterprise”). $5,932,006 (2017: $5,932,006) of the opening balance relates to this “CAP” technology. Accumulated amortisation of this asset as at 30 June 2018 was $5,932,006 (2017: $5,932,006). This asset has been fully amortised.

QDC IP Technology (“QDC”) is creative ad building and video advertising technology with licences to the Core IP valued at $6,466,517 (2017: $6,466,517) in the opening balance and attached to the Adslot CGU. Accumulated amortisation of this asset as at 30 June 2018 was $6,466,517 (2017: $5,904,904). This asset has been fully amortised.

The Symphony platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the Symphony technology platform intellectual property was $16,191,496 (2017: $16,191,496). Accumulated amortisation of this asset at 30 June 2018 was $14,651,770 (2017: $11,413,471). This asset has a remaining useful life for accounting purposes of six months.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

10. Intangible Assets (Continued)

Intellectual property (Continued)

The Facilitate for Agencies ("FFA") platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the FFA technology platform intellectual property was $455,231 (2017: $455,231). Accumulated amortisation of this asset at 30 June 2018 was $455,231 (2017: $407,545). This asset was fully amortised during the year.

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

Goodwill

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

(a) Cash Generating Units (CGUs)

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

	2018		2017	
CGU	Goodwill $	Intangible assets with indefinite useful lives $	Goodwill $	Intangible assets with indefinite useful lives $
Adslot and Symphony CGUs	**15,161,939**	-	15,161,939	-

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

10. Intangible Assets (Continued)

Intellectual property (Continued)

(b) Impairment testing and key assumptions

The Company tests whether goodwill and other intangible assets have suffered any impairment in accordance with the Company's accounting policies. The recoverable amounts of assets and CGUs have been determined using a fair value less costs to sell approach. The directors have assessed the fair value having regard to a market-based approach and have determined the goodwill is not impaired.

The directors' determination of fair value using a market based approach is the market capitalisation of the Company, less the value attributed to business units that are not part of the group of CGUs attributed to goodwill, less other net assets.

The most significant judgements and key assumptions pertaining to the calculation are:

- the Company's share price (ASX: ADJ as at 30 June 2018);
- a 4x valuation multiple on EBITDA to estimate the value of the business unit (Webfirm) that is not part of the group of CGUs attributed to goodwill; and
- costs to sell including a transaction fee (3.5% of total value) plus estimate of legal, account and other consultant costs ($200k).

The Company's directors appointed an independent expert to review the approach adopted by management in assessing the carrying value of the intangible assets of the Company as at 30 June 2018. The review supported the selection of methodology and the assessment of the value of the Company under the primary quoted security price approach.

(c) Sensitivity analysis

The Company's share price forms the basis of the market-based approach. A material adverse change in the Company's share price would likely result in the carrying amount exceeding the recoverable amount.

On 3rd August 2018 Adslot Limited announced the successful closing of a $3.5 million share placement to institutional and sophisticated investors. While the placement occurred post 30 June 2018, it is a reference point as a binding sale agreement in an arm's length transaction.

Sensitivity Analysis has been performed using the placement offer price of $0.025, a recalculation of the Costs to Sell and all other elements of the 30 June calculation remaining equal. The result also shows a surplus fair value over carrying value of the intangible assets at a share price of $0.025, albeit with less headroom.

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

11. Trade and Other Payables

	2018 $	2017 $
Trade creditors	**546,024**	417,008
Publisher creditors (i)	**1,514,495**	807,179
Other creditors	**865,224**	1,028,394
	2,925,743	2,252,581

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

12. Other Liabilities

	2018 $	2017 $
Current: Unearned revenue	**445,491**	583,759

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

13. Lease Incentives Liabilities

	2018 $	2017 $
Current: Lease Incentives Liability	**60,248**	-
Non-current: Lease Incentives Liability	**555,463**	-

The lease agreements for some premises included a free fit-out provided by the lessor as a lease incentive. The assets obtained by the Group have been recognised as leasehold improvements at fair value and are depreciated over the lease term (see Note9). A corresponding liability is presented as part of the lease liabilities and is reversed on a straight-line basis over the lease term.

14. Provisions

	2018 $	2017 $
Current: Employee benefits	**587,150**	605,590
Non-current: Employee benefits	**360,763**	325,473

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

15. Contributed equity

	2018 Number	2017 Number	2018 $	2017 $
Ordinary Shares – Fully Paid	**1,284,950,994**	1,280,918,427	**138,397,710**	137,949,047

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

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

Movements in Paid-Up Capital

Date	Details	Number of shares	Issue price	Capital raising costs	Value
		Number	$	$	$
01-Jul-16	Balance (including Treasury shares)	1,116,771,133		(1,472,056)	121,032,092
01-Sep-16	Issue of shares – Performance Rights vesting	3,424,524	$0.102	(3,781)	344,479
28-Sep-16	Share Placement	101,900,000	$0.110	(651,251)	10,557,749
24-Oct-16	Rights Issue	62,233,112	$0.110	(492,681)	6,352,961
30-Jun-17		1,284,328,769		(2,619,769)	138,287,281
	Less: Treasury shares	(3,410,342)		-	(338,234)
30-Jun17	**Balance**	1,280,918,427		(2,619,769)	137,949,047
01-Jul-17	**Balance (including Treasury shares)**	**1,284,328,769**		**(2,619,769)**	**138,287,281**
11-Oct-17	Issue of shares – Performance Rights vesting	3,677,500	$0.113	(2,278)	412,119
30-Jun-18		**1,288,006,269**		**(2,622,047)**	**138,699,400**
	Less: Treasury shares	(3,055,275)		-	(301,690)
30-Jun18	**Balance**	**1,284,950,994**		**(2,622,047)**	**138,397,710**

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

15. Contributed equity (Continued)

Treasury Shares

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

Treasury Shares movements during the financial year are summarised below:

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Balance at end of the year (Number)
Employee ESOP	16/06/14	0.105	1,000,000	-	-	1,000,000
Employee ESOP	1/05/15	0.090	2,142,775	-	(200,000)	1,942,775
Employee ESOP	27/08/15	0.080	67,567	-	(67,567)	-
Employee ESOP	01/09/16	0.125	200,000	-	(87,500)	112,500
			3,410,342	**-**	**(355,067)**	**3,055,275**

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

15. Contributed equity (Continued)

Performance rights movements during the financial year are summarised below:

Issue Type	Issue or Acquisition Date	Issue Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
Performance Rights	26/08/15	Nil	1,090,000	-	(790,000)	(300,000)	-
Performance Rights	27/06/16	Nil	400,000	-	(400,000)	-	-
Performance Rights	01/09/16	Nil	7,750,000	-	(2,687,500)	(2,937,500)	2,125,000
			9,240,000	**-**	**(3,877,500)**	**(3,237,500)**	**2,125,000**

Options movements during the financial year are summarised below:

Issue Type	Expiry Date	Exercise Price $	Balance at beginning of the year (Number)	Issued during the year (Number)	Forfeited during the year (Number)	Exercised during the year (Number)	Balance at end of the year (Number)
Ordinary options	4/10/21	0.073	-	3,000,000	-	-	3,000,000
Ordinary options	25/11/21	0.060	-	6,550,000	(750,000)	-	5,800,000
Ordinary options	25/02/22	0.035	-	25,750,000	(2,250,000)	-	23,500,000
Ordinary options	15/05/22	0.034	-	12,700,000	-	-	12,700,000
Ordinary options	27/05/22	0.036	-	4,000,000	-	-	4,000,000
			-	**52,000,000**	**(3,000,000)**	**-**	**49,000,000**

16. Reserves

	2018 $	2017 $
Reserves		
Share–based payments reserve	**605,978**	279,117
Foreign currency translation reserve	**106,676**	110,812
	712,654	389,929

	2018 $	2017 $
Share–based payments reserve		
Opening balance	**279,117**	297,118
Reclassification of Treasury Shares	**(36,544)**	(208)
Reclassification vested Performance Rights	**(414,399)**	(348,260)
Share based payment expense	**777,804**	330,467
Closing balance	**605,978**	279,117

	2018 $	2017 $
Foreign currency translation reserve		
Opening balance	**110,812**	107,618
Movement on currency translation	**(4,136)**	3,194
Closing balance	**106,676**	110,812

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

17. Earnings Per Share

	2018 Cents	2017 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company	**(0.91)**	(0.70)

	2018 Cents	2017 Cents
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company	**(0.91)**	(0.70)

	2018 $	2017 $
(c) Reconciliation of earnings used on calculating earnings per share (i)		
Loss from continuing operations attributable to the members of the Company used on calculating basic and diluted earnings per share	**(11,653,319)**	(8,630,187)

	2018 Number	2017 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of basic EPS	**1,283,691,139**	1,235,331,383

	2018 Number	2017 Number
(e) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of diluted EPS	**1,283,691,139**	1,235,331,383

(i) During 2018 and 2017 there were no discontinued operations or values attributable to minority interests.

	2018 Number	2017 Number
Weighted average number of rights and options that could potentially dilute basic earnings per share in the future, but are not included in the calculation of diluted EPS because they are anti-dilutive for the period presented.	**17,186,327**	1,080,115

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

18. Contingencies

No contingent assets or liabilities are noted.

19. Commitments

	2018 $	2017 $
Operating lease commitments		
Total operating lease expenditure contracted for at reporting date but not capitalised in the financial statements payable:		
Within 1 year	**917,155**	555,047
Between 1 and 5 years	**2,687,661**	1,273,533
	3,604,816	1,828,580

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

Capital commitments

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

20. Remuneration of auditors

	2018 $	2017 $
During the year the following fees were paid/payable to the auditor of the Company:		
Audit services		
Audit and review of financial reports	**112,000**	109,000
During the year the following fees were paid/payable to a related entity of the auditor of the Company:		
Other services		
Taxation compliance, groupm compliance audit, ASIC special purpose accounts for Symphony International Solutions Limited, ESS advice and Research and Development grant advice	**119,070**	64,300
	231,070	173,300

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

21. Key Management Personnel Disclosures

Directors

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

Mr Andrew Barlow (Executive Chairman) (i)	Appointed 27 February 2018
Mr Adrian Giles (Non-Executive Director)	
Mr Quentin George (Non-Executive Director)	
Ms Sarah Morgan (Non-Executive Director)	
Mr Andrew Dyer (Non-Executive Director)	Appointed 28 May 2018
Mr Ian Lowe (Executive Director & CEO) (ii)	Resigned 27 February 2018
Mr Ben Dixon (Executive Director & interim CEO) (iii)	Appointed 27 February 2018

Other key management personnel

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

Name	Position
Ms Felicity Conlan (iv)	Chief Financial Officer and Company Secretary
Mr Brendan Maher (v)	Chief Financial Officer and Company Secretary
Mr Tom Peacock	Group Commercial Director

Key management personnel compensation

	2018 $	2017 $
Short-term employee benefits	**1,357,311**	1,338,681
Post-employment benefits	**93,982**	92,669
Other long-term employee benefits	**12,083**	(4,603)
Share based payments	**263,233**	72,774
Total compensation (a)	**1,726,609**	1,499,521

(i) Mr Barlow was a Non-Executive Chairman prior to 27 February 2018.

(ii) Mr Lowe continued to be a key management personnel post 27 February 2018.

(iii) Mr Dixon was an Executive Director for the entire financial year. He was interim Company Secretary from 15 July 2017 to 9 October 2017 and was appointed as interim CEO on 27 February 2018

(iv) Ms Conlan was appointed as the Chief Financial Officer on 30 August 2017 and Company Secretary on 9 October 2017.

(v) Mr Maher ceased to be the Chief Financial Officer and Company Secretary on 14 July 2017.

(a) There were 10 key management personnel throughout 2018, some of whom have a part year of service (2017: 9).

Business Acquisitions:

There were no related party transactions during the year ended 30 June 2018.

Transactions with Directors and their personally related entities:

During the year there were no transactions with Directors and their personally related entities (2017: nil).

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

22. Share Based Payments

Employee Share Option Plan (ESOP)

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

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

ESOP rights to shares are valued at fair value at the date the options were granted.

The ESOP was replaced by the Performance Rights over Shares Plan in financial year 2015 and as such there have been no new ESOP rights granted during the years ending 30 June 2015 to 30 June 2018. The remaining ESOP shares vested at the end of the financial year and have subsequently been transferred to the employees.

The following tables shows the movement of share-based compensation to employees under the ESOP for the period.

2018

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

2017

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

22. Share Based Payments (continued)

Performance Rights over Shares

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

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

2018

Grant Date	Assessment period	Valuation Price $	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
26/08/15	2 years	0.074	1,090,000	-	(790,000)	(300,000)	-	-
27/06/16	2 years	0.100	400,000	-	(400,000)	-	-	-
01/09/16	1 year	0.125	250,000	-	(250,000)	-	-	
01/09/16	2 years	0.125	7,500,000	-	(2,437,500)	(2,937,500)	2,125,000	-
Total			**9,240,000**	**-**	**(3,877,500)**	**(3,237,500)**	**2,125,000**	**-**

No Performance Rights over Shares were granted during the financial year 2018

2017

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

22. Share Based Payments (continued)

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

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

Rights over Shares

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

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

No Rights over Shares were issued in 2018 (2017: nil). The following table shows movement in the Rights over Shares for the current financial year (no change in the last two years):

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

22. Share Based Payments (continued)

Employee Option Plan

Shareholders approved at the November 2017 Annual General Meeting the creation of Incentive Option Plan which enables the Board to offer eligible employees and directors the right to options which can be exercised to shares subject to the certain vesting criteria.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees and directors with the opportunity to participate in the future growth of the Company.

No amounts are paid or payable by the recipient on the receipt of the options. The options carry no voting rights. All options are subject to service periods which require the employees remain an employee or Director or the Company.

The following table shows grants and movements of share-based compensation to employees under the Employee Option Plan during the current financial year:

Grant Date	Expiry Date	Exercise Price $	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Lapsed during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested and exercisable at the end of the year (Number)
5/10/17	4/10/21	0.073	-	3,000,000	-	-	-	3,000,000	-
26/11/17	25/11/21	0.060	-	6,550,000	-	-	(750,000)	5,800,000	-
26/02/18	25/02/22	0.035	-	25,750,000	-	-	(2,250,000)	23,500,000	-
16/05/18	15/05/22	0.034	-	12,700,000	-	-	-	12,700,000	1,000,000
28/05/18	27/05/22	0.036	-	4,000,000	-	-	-	4,000,000	2,000,000
Total			**-**	**52,000,000**	**-**	**-**	**(3,000,000)**	**49,000,000**	**3,000,000**
Weighted average exercise price			**-**	**$0.040**	**-**	**-**	**$0.041**	**$0.040**	**$0.035**

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2018 included:

Model Input	OP # 18-1	OP # 18-2	OP # 18-3	OP # 18-4	OP # 18-5
Grant Date	5/10/17	26/11/17	26/02/18	16/05/18	28/05/18
Expiry Date	4/10/21	25/11/21	25/02/22	15/05/22	27/05/22
Exercise Price $	0.073	0.060	0.035	0.034	0.036
5 day VWAP at Grant Date $	0.050	0.041	0.024	0.023	0.025
Expected Volatility	62.62%	61.92%	69.20%	85.12%	86.58%
Risk Free Interest rate	1.83%	1.83%	1.99%	2.02%	2.02%

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

23. Cash Flow reconciliation

	2018 $	2017 $
Reconciliation of Net Cash Flows from Operating Activities to Loss for the year		
Add/(less) non-cash and other items:		
Loss for the year after income tax	**(11,653,319)**	(8,630,187)
Depreciation and amortisation	**5,442,959**	4,685,082
Cash Based: Depreciated Leasehold Fitout	**(107,260)**	
Share based payment	**777,804**	330,467
Impairment of receivables	**4,537**	17,747
(Profit)/Loss on asset write off	**(182)**	(2,549)
Unrealised foreign currency loss / (gain)	**15,908**	8,240
Movements in receivables relating to investing activities	**480,280**	338,771
Changes in assets and liabilities (net of effects of acquisition and disposal of entities)		
(Increase)/Decrease in receivables	**(786,304)**	(329,634)
(Decrease)/Increase in payables and other provisions	**551,744**	(540,111)
Net cash outflow from operating activities	**(5,273,833)**	(4,122,174)

24. Financial Risk Management

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

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

(a) Market risks

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

Disclosures relating to foreign currency risks are covered in Note 24(d) and interest rate risk is covered in Note 24(e). The Group does not have formal policies that address the risks associated with changes in interest rates or changes in fair values on available-for-sale financial assets.

(b) Credit risk

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

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

24. Financial Risk Management (Continued)

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

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**4,775,331**	14,320,147
Trade debtors and Other receivables (Note 8)	**5,471,925**	4,685,621
	10,247,256	19,005,768

(c) Liquidity risk

	2018 $	2017 $
Financial liabilities		
Trade and other payables	**2,925,743**	2,252,581

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

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

(d) Foreign currency risk

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

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

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

	USD A$	GBP A$	EUR A$	NZD A$	CNY A$	MYR A$
30 June 2018						
Financial Assets	**1,716,774**	**78,689**	**91,938**	**40,636**	**31,220**	**3,857**
Financial Liabilities	**(796,334)**	**(193,004)**	**(44,996)**	**(1,452)**	**(29,907)**	**-**
Total Exposure	**920,440**	**(114,315)**	**46,942**	**39,184**	**1,313**	**3,857**
30 June 2017						
Financial Assets	1,337,881	207,753	30,483	54,144	25,103	9,165
Financial Liabilities	(468,983)	(167,148)	(24,221)	(43,490)	(23,432)	-
Total Exposure	868,898	40,605	6,262	10,654	1,671	9,165

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

24. Financial Risk Management (Continued)

The following table illustrates the sensitivity on profit and equity in relation to the Group's financial assets and liabilities and the USD/AUD exchange rate, GBP/AUD exchange rate, EUR/AUD exchange rate, NZD/AUD exchange rate and CNY/AUD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the following exchange rates for the year ended 30 June 2018 (30 June 2017:10%).

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

	+10%						
30 June 2018	**USD A$**	**GBP A$**	**EUR A$**	**NZD A$**	**CNY A$**	**MYR A$**	**Total A$**
Impact on Profit	**(131,245)**	**(4,318)**	**(2,091)**	**-**	**(373)**	**(351)**	**(138,378)**
Impact on Reserves	**47,569**	**14,710**	**(2,176)**	**(3,562)**	**254**	**-**	**56,795**
Impact on Equity	**(83,676)**	**10,392**	**(4,267)**	**(3,562)**	**(119)**	**(351)**	**(81,583)**
30 June 2017							
Impact on Profit	(46,353)	4,151	(363)	6	102	(833)	(43,290)
Impact on Reserves	(32,638)	(7,842)	(206)	(975)	(254)	-	(41,915)
Impact on Equity	(78,991)	(3,691)	(569)	(969)	(152)	(833)	(85,205)

	-10%						
30 June 2018	**USD A$**	**GBP A$**	**EUR A$**	**NZD A$**	**CNY A$**	**MYR A$**	**Total A$**
Impact on Profit	**160,410**	**5,278**	**2,556**	**-**	**456**	**429**	**169,129**
Impact on Reserves	**(58,139)**	**(17,980)**	**2,660**	**4,354**	**(310)**	**-**	**(69,415)**
Impact on Equity	**102,271**	**(12,702)**	**5,216**	**4,354**	**146**	**429**	**99,714**
30 June 2017							
Impact on Profit	56,653	(5,074)	443	(7)	(124)	1,018	52,909
Impact on Reserves	39,891	9,586	253	1,191	310	-	51,231
Impact on Equity	96,544	4,512	696	1,184	186	1,018	104,140

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

24. Financial Risk Management (Continued)

(e) Cash flow and interest rate risk

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

Interest rate sensitivity analysis

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

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

#	+1% $	-1% $
30 June 2018	**68,461**	**(64,993)**
30 June 2017	138,479	(136,171)

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

(f) Net fair value of financial assets and liabilities

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

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

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

25. Parent Entity Information

The following details of information are related to the parent entity, Adslot Ltd, at 30 June 2018. This information has been prepared using consistent accounting policies as presented in Note 1.

	2018 $	2017 $
Current assets	**3,667,011**	12,808,996
Non-current assets	**44,919,847**	44,289,745
Total assets	**48,586,858**	57,098,741
Current liabilities	**447,356**	236,351
Non-current liabilities	**555,463**	-
Total liabilities	**1,002,819**	236,351
Contributed equity	**138,699,400**	138,287,281
Share-based payments reserve	**605,975**	279,115
Retained losses	**(91,721,336)**	(81,704,006)
Total equity	**47,584,039**	56,862,390
Loss for the year	**(10,014,024)**	(7,999,100)
Total comprehensive loss for the year	**(10,014,024)**	(7,999,100)

The Commitments Note 19 includes commitments by the parent entity related to leases of the Melbourne office premises at 425 Collins Street, Melbourne (46 ½ months) for an amount of $1,063,969 (2017: $1,565,583) and the Sydney office premises at 10-14 Waterloo Street, Surry Hills (54 months) for an amount of $2,358,486 (2017: nil)

26. Related Party Transactions

Other than the transactions disclosed in Note 21 relating to key management personnel, there have been no related party transactions that have occurred during the current or prior financial year.

27. Events Subsequent to Reporting Date

On 3 August 2018 the Company successfully completed a $3.50 million share placement (Placement). The Placement involved the issue of 140,000,000 new, fully paid ordinary shares (New Shares) at $0.025 per New Share (Offer Price) to raise $3.50 million (before costs). The Placement was conducted in two tranches. The first tranche comprising 118,000,000 New Shares at the Offer Price ($2.95 million) placed to sophisticated and institutional investors completed in August 2018. The second tranche comprising 22,000,000 New Shares at the Offer Price ($0.55 million) will be placed to Directors and related parties subject to shareholder approval at a General Meeting to be held on 14 September 2018.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2018

28. Consolidated Entities

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2018	2017
Parent entity		%	%
Adslot Ltd	Australia		
Controlled entities			
Adslot Technologies Pty Ltd	Australia	**100**	100
Ansearch.com.au Pty Ltd	Australia	**100**	100
Ansearch Group Services Pty Ltd	Australia	**100**	100
Webfirm Pty Ltd	Australia	**100**	100
QDC IP Technologies Pty Ltd	Australia	**100**	100
Adslot UK Limited	United Kingdom	**100**	100
Adslot Inc.	United States	**100**	100
Symphony International Solutions Limited	Australia	**100**	100
Symphony Workflow Pty Ltd	Australia	**100**	100
Symphony Media Pty Ltd	Australia	**100**	100
Facilitate Digital (Shanghai) Software Services Co. Ltd	China	**100**	100
Facilitate Digital Limited	New Zealand	**100**	100
Facilitate Digital Trust	New Zealand	**100**	100
Facilitate Digital, LLC	United States	**100**	100
Facilitate Digital UK Limited	United Kingdom	**100**	100
Facilitate Digital Deutschland GmbH	Germany	**100**	100

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

Directors' Declaration

The directors declare that the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes, as set out on pages 23 to 70 are in accordance with the *Corporations Act 2001* and:

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

(b) give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

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

In the directors' opinion:

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

(b) the audited remuneration disclosures set out on pages 12 to 21 of the Directors' Report comply with section 300A of the *Corporations Act 2001*.

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

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

Andrew Barlow
Chairman
Adslot Ltd

29 August 2018

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Independent Auditor's Report

To the Members of Adslot Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Adslot Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 and of its financial performance for the year then ended; 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 auditor 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred net cash outflows of $9.6m for the year, and management anticipate incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved. The Directors are forecasting improved results for the 2019 financial year from a combination of revenue growth and reduced costs, however cash flow risk could exist. These events or conditions, along with other matters and mitigating factors as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible assets and goodwill impairment testing Note 10	
At 30 June 2018, the Group's statement of financial position includes goodwill and other intangibles amounting to $23.2m. AASB 136 *Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. Goodwill and intangible assets impairment testing is a key audit matter due to the high degree of estimation and judgement required by management and the subjectivity relating to assumptions and key inputs.	Our procedures included, amongst others: • Reviewing the impairment model for compliance with AASB 136 *Impairment of Assets*; • Assessing management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which segments operate and the Group's internal reporting structure; • Testing the mathematical accuracy and appropriateness of the methodology of the underlying model calculations; • Reviewing the valuation expert's report and assessing the reasonableness of inputs and assumptions used in the market based model; • Performing a sensitivity analysis of the key assumptions in model; and • Reviewing relevant disclosures for adequacy in the financial statements.
Research and development grants and capitalised wages Note 1(v)	
At 30 June 2018, the Group recognised $3.6m relating to capitalised developments costs as intangible assets. The Group also claims associated research and development (R&D) grants from Aus. Industry under the R&D Tax Incentive Scheme, a receivable to the value of $3.3m for estimated and submitted R&D claims at year end. A high level of judgement is required to determine whether the criteria for capitalising R&D costs are met and there is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with AASB 138 *Intangible Assets*. In addition, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance require grants received relating to costs that are capitalised to be offset against the capitalised amount, and grants relating to costs that are not capitalised expenses to be recognised as income. A receivable is recognised for R&D grant claims submitted but not yet received pertaining to costs incurred in the previous financial year, and for the estimated R&D grant claim pertaining to costs incurred during the 2018 financial year. This is a key audit matter due to the subjectivity and management judgement applied in the assessment of whether costs meet the recognition criteria of AASB 138.	Our procedures included, amongst others: • Obtaining an understanding of the capitalisation process and how costs are allocated to the project; • Reviewing compliance with criteria for capitalisation of costs under AASB 138 Intangible Assets; • Assessing the reasonableness of total development costs against expectations, having regard to prior year costs and current year budgeted costs; • Testing on a sample basis, capitalised development costs incurred to underlying supporting documentation; • Ensuring the above sample meets the recognition requirements of accounting standing AASB 138; • Tracing the R&D receivable to submitted claims and where applicable, subsequent cash receipt; • Testing the mathematical accuracy of R&D grant claims accrued for; • Obtaining an understanding of the current status of discussions with AusIndustry in relation to R&D claims; • Engaging with Adslot's R&D specialist to review the reasonableness of the methodology and inclusion of expenses in the calculation; and • Assessing the appropriateness of the disclosures in the financial statements.

Grant Thornton

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 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 21 of the directors' report for the year ended 30 June 2018

In our opinion, the Remuneration Report of Adslot Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner

Melbourne, 29 August 2018

Corporate Governance Statement

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

Shareholder Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 23 August 2018.

Distribution of equity securities

The number of shareholders by size of shareholding are:

	Ordinary Shares Number of Holders	Ordinary Shares Number of Shares
1 – 1,000	206	22,179
1,001 – 5,000	345	1,155,863
5,001 – 10,000	530	4,241,570
10,001 – 100,000	1,396	54,480,530
100,001 +	929	1,346,106,127
TOTAL	**3,406**	**1,406,006,269**
The number of shareholders holding less than a marketable parcel of shares (14,706 shares):	1,331	8,477,873

Twenty largest shareholders

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

		Listed Ordinary Shares Number of Shares	Listed Ordinary Shares % of Shares
1	NATIONAL NOMINEES LIMITED	123,555,337	8.79
2	MR PETER JOHN DIAMOND + MRS DIANA ELIZABETH DIAMOND <PETER&DIANA DIAMOND S/F A/C>	116,481,307	8.28
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	96,759,549	6.88
4	DAWNIE DIXON PTY LTD <DIXON FAMILY SUPER FUND A/C>	76,046,522	5.41
5	INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	52,252,850	3.72
6	CITICORP NOMINEES PTY LIMITED	46,190,795	3.29
7	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	42,665,548	3.03
8	VENTURIAN PTY LTD <MAVERICK INNOVATION A/C>	35,674,668	2.54
9	ANDAMA HOLDINGS PTY LTD <J & M BARLOW PENSION A/C>	34,400,000	2.45
10	AMBLESIDE VENTURES PTY LTD <AMBLESIDE INVESTMENTS A/C>	33,091,710	2.35
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,932,167	2.20
12	CAPITAL ACCRETION PTY LTD <THE FORTIFIED VALUE A/C>	20,647,827	1.47
13	MR RICHARD ARMSTRONG CALDOW <THE LOOSE GOOSE FAMILY A/C>	16,000,000	1.14
14	G & D DIXON INVESTMENTS PTY LTD	12,302,184	0.87
15	MDJD PTY LTD <MARK DIAMOND SUPER FUND A/C>	11,500,000	0.82
16	MR VLADIMIR ANTHONY VITEZ & MS CATHERINE MARY DOWLAN <VITEZ AND DOWLAN FAMILY A/C>	11,000,000	0.78
17	CHARMED5 PTY LTD	10,000,000	0.71
18	WALLOON SECURITIES PTY LTD	9,931,935	0.71
19	INVIA CUSTODIAN PTY LIMITED <MORRIS SUPER FUND A/C>	9,689,841	0.69
20	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	9,000,000	0.64
	Total Top 20 holders of Ordinary Shares	**798,122,240**	**56.77**
	Remaining holders balance	**607,884,029**	**43.23**

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

Substantial Shareholders

	Shares	% Shares
Peter Diamond	116,481,307	8.28
Geoff Dixon	89,845,849	6.39
Private Portfolio Managers Pty Ltd	87,908,300	6.25

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

Corporate Directory

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

Chief Executive Officer
Mr Ben Dixon

Company Secretary
Ms Felicity Conlan

Auditors
Grant Thornton Australia
Collins Square, Tower 1
727 Collins Street
Melbourne VIC 3008 Australia

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

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

Home Stock Exchange
Australian Securities Exchange Limited
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