BUDDY PLATFORM LIMITED
ACN: 121 184 316

Buddy

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ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

BUDDY PLATFORM LIMITED
ACN: 121 184 316

CONTENTS

This annual report covers the Buddy Platform Limited Group, consisting of Buddy Platform Limited ("Buddy" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

Corporate Information

Directors:
Richard Borenstein
Non-Executive Chairman

David McLauchlan
CEO & Executive Director

John van Ruth
Non-Executive Director

Ananda Kathiravelu
Non-Executive Director

Alexander Gounares
Non-Executive Director

Company Secretary:
Stuart Usher

Chief Financial Officer:
Richard Jacroux

Auditors:
Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000

Bankers:
Westpac Banking Corporation
108 Stirling Highway
Nedlands WA 6009

Commonwealth Bank
100 King William Street
Adelaide SA 5000

Website:
www.buddy.com

Registered Office:
Level 2, 333 King William Street
Adelaide, SA 5000
Telephone: 1-800-831-317
Facsimile: + 61 8 8125 5931

Lawyers
DLA Piper
Level 31, central Park
152-158 St Georges Terrace
Perth WA 6000

Seattle Office:
217 Pine Street
Seattle, Washington 98101
USA
Telephone: +1 206 899 2525

Adelaide Office:
Level 2, 333 King William Street
Adelaide, SA 5000

Home Stock Exchange:
Australian Securities Exchange Limited
Level 40
Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code:
BUD (Ordinary Shares)

Share Registry:
Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
PERTH WA 6000

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The Board of Buddy Platform Limited is pleased to present to our shareholders the Buddy Platform Annual Report for the year ended 30 June 2017 (FY2017).

Financial year 2017 was a year primarily focused on new product development and significant foundation building in all aspects of our company. We added two key members to our Leadership Team, evolved our cloud platform to take advantage of major new technology advances and introduced two new exciting product lines that we expect to monetize in a material fashion in FY 2018 and beyond. Overall, we leave FY 2017 with great expectations of realizing the potential you, our shareholders, placed in us during the past year.

We have communicated extensively about our product achievements and business prospects. I would like to take a moment to comment on an area that hasn't gotten nearly enough recognition, our "can do" management and staff. We are still small enough that I have talked to every employee individually. Morale is sky-high and each person takes pride in what we have accomplished. The Leadership Team has recently reaffirmed our business strategies moving forward and all seem genuinely excited about executing on our plan. From the perspective of the Board, we'd like to say, "good on ya mates" and a heartfelt thank you.

The twists and turns of the past year have forced us to be nimble and decisive in our responses to unexpected events. The two acquisitions we hoped to complete by the end of the calendar year both failed in large measure to rapidly changing business conditions. We had to rethink our "combined entities" strategy in favor of a go-it-alone approach. Our response, in less than 3 months, was to introduce our building resource monitoring and verification product, Buddy Ohm, in Sydney on March 21st. We are gratified by the market's response to Buddy Ohm. With all the hype about the Internet of Things, telecommunication companies and electrical contracting companies are telling us that they finally have a practical and desirable IoT product they can sell and install easily.

In the case of Parse on Buddy, we similarly pivoted effectively into a potentially lucrative product line. Our engineers transformed an incomplete and inefficient open source code base, made public by Facebook, into a super stable, feature and function rich platform capable of scaling. Several tens of millions of people use this mobile backend as part of their regular mobile app usage. Our question was how best to monetize this asset? Developer subscription revenue wasn't the answer. Instead, we decided to give it away free to everyone who wanted to use it. Forever. Our reasoning was simple: by giving it away, our platform usage and resulting data will keep growing and allow us to monetize Parse on Buddy by selling the data itself. Our customers are now generating a rich, highly anonymized data set which we will package and sell. We expect to begin selling our Parse on Buddy "alternative" data to financial institutions, consulting firms and hedge funds later in FY2018.

Two new Buddy Leadership Team members started work during the past year. Richard Jacroux joined Buddy in October 2016 as COO/CFO. He has brought strong operational and financial skills to the Company. We're lucky to have him. Also joining us very recently is Robin Giese as our new VP of Engineering. Robin is another Microsoft escapee who brings great experience and management capabilities to our emerging world class engineering team. Welcome to you both.

Delivering shareholder value is our key objective moving forward. We believe the pieces are in place to build a thriving company. On behalf of the Board of Directors, I would like to thank our shareholders for the tremendous support and encouragement they continue to provide our company. We look forward to continuing the journey with you in the coming year.

Richard N. Borenstein
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Fellow Shareholders,

The financial year 2017 has seen Buddy start to emerge as a leading technology company in the Smart City space. As a software as a service business, we have a highly scalable Internet of Things (IoT) data aggregation and management platform that enables us to provide three unique offerings: Buddy Cloud, Buddy Ohm and Parse on Buddy. The progress we have made during the financial year on each of these products has been very strong.

Product Momentum & Strategy in FY17

Our main revenue generating product, Buddy Cloud which is a globally scalable data ingestment and management platform, delivered encouraging client contracts and associated revenue during the year. We were delighted to deepen our relationships with existing customers, as well as extend our data insights to new customers. The strong growth in transactions on our Buddy Cloud, meant we were able to hit a key operational milestone 17 months in advance. As the richness and volume of data passing through the Buddy Cloud platform continues to grow, we see this as our strongest revenue generating opportunity. Hence, the team continues to make considerable efforts to increase the scale of data inputs into the platform to deliver insights to a variety of customer types.

Perhaps our most exciting achievement during the financial year 2017, was the successful development and launch of our Buddy Ohm product. Launched in May 2017, Buddy Ohm is indeed something that the whole team can be proud of and it is certainly gaining a lot of attention from potential customers already. Following pre-sales marketing in Australia and the US, trial installations have already commenced. We are working closely with our new distribution and installation partners: Digicel in the Caribbean, ICE in Australia and SaskTel in Canada, as well as our customers that have directly signed up for 30 day trials of Buddy Ohm. Further distribution partnerships are in the pipeline to help Buddy scale up trial installations and sales in Australia and the US, as well as larger agreements beyond these two key geographical markets.

While the revenue contribution from Buddy Ohm will initially be modest, due to the product's sales cycle and installation lead times, it has already made an important contribution to our brand and profile in the Smart Cities landscape and remains a strong growth product for us.

Great progress was also delivered for our mobile as a backend product, Parse on Buddy. From launching the beta product early in the financial year, we now have the product fully up and running with both mobile app and user data growing strongly. As the Parse on Buddy product evolved, we made a strategic shift in the product's business model, making it forever free for mobile app developers to host their apps. This gives us the opportunity to monetise the product in the Alternative Data market which is highly appealing to the Company and has considerable potential for financial and enterprise customers. Indeed, third party estimates of the value of this data have suggested it is worth US$10 – $15m for Buddy Platform.

Smart Cities Market Opportunity

While our data ingestment and management platform has multiple potential applications in many market verticals, the Smart Cities market is where we can see the greatest potential to make our first impact. Smart Cities are connected buildings, parking, street lights, traffic, pedestrian movement, civic infrastructure, etc. It is the fastest growing segment of the IoT and spending in segment of the IoT market alone is expected to grow to US$758 billion by 2020 (CAGR of 19.4%). This is a sizable market for Buddy to carve out a footprint in and we believe we have the technology, products, and people to be a success.

Corporate & Financial

Financially, Buddy Platform performed well in FY17. Revenue from our ordinary activities was $1.1m, which is an increase of 736% from last financial year. The bulk of this revenue is attributable to the Buddy Cloud offering.

Our management team was significantly strengthened when we appointed Richard Jacroux as our Chief Financial Officer and Chief Operating Officer. Richard has exceptional financial and operational experience gained from his previous roles working with NASDAQ and NYSE listed companies. We are pleased to have him on board and are delighted with the contribution he is already making to Buddy Platform.

Looking ahead to FY18

Buddy Ohm installations are proceeding as expected and this is greatly encouraging to the team. We are finding that as quickly as the Company can complete installations, new facilities join the installation pipeline. This has helped us maintain the pipeline at a steady 100 facilities and allows us to concentrate on optimising the Buddy Ohm at each facility to help convert trial installations to paying customers.

Our expectation is that revenue from our core Buddy Cloud product, is set to more than double during the current financial year, FY18. We plan to achieve this through our existing customers, as well as significantly broadening the product offering linked to the Cloud Platform, through our planned Alternative Data product and other potential products.

Under its freemium business model, Parse on Buddy continues to feed data gathered from mobile app users, such as consumer footfall and location, building the volume and richness of insights that can be provided by our planned Alternative Data product which leverages the core Buddy Cloud platform. By early next year, we will be in a strong position to launch and begin to monetise the Alternative Data product, which will provide highly valuable insights to financial and enterprise customers alike.

The financial year 2018 has started well and we are extremely excited about what lies ahead. We have an exceptional team in place who have the right skills to make our existing three products (Buddy Cloud, Buddy Ohm and Parse on Buddy) commercially successful, as well as launch our planned Alternative Data product into the market in early 2018. I'd like to thank the Buddy team for all their hard work and devotion in making our Company a success.

Additionally, our shareholders have shown such great support for the Company and its strategic direction throughout the year. Due to the commitment of our shareholders, we successfully raised $4.5m via a Placement from sophisticated investors. This has been instrumental in allowing Buddy to achieve significant product momentum during FY17 and will continue to be vital to us in the current financial year.

David MacLachlan
Chief Executive Officer

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The Directors in office at the date of this report and at any time during the year are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

Mr David McLauchlan	- CEO & Executive Director
Mr Richard Borenstein	- Non-Executive Chairman
Mr Alexander Gounares	- Non-Executive Director
Mr John van Ruth	- Non-Executive Director
Mr Ananda Kathiravelu	- Non-Executive Director

Mr David McLauchlan – CEO & Executive Director
EXPERIENCE AND EXPERTISE
David spent nearly eleven years at Microsoft Corporation (Redmond, WA) before leaving in 2011 to co-found Buddy Platform, Inc. While at Microsoft, David led business development for Microsoft's Zune hardware business, spent many years in Microsoft's Windows division and prior to that served in the Server & Tools division working on the Visual C++ product. His international business development experience is considerable, having closed inbound and outbound licensing deals for Microsoft with global partners and customers in the consumer, enterprise, B2B and component industries. In addition to his work in various product groups at Microsoft, David represented the company in several international standards setting organizations, including the USB Implementers Forum, Consumer Electronics Association, Digital Living Network Alliance (DLNA), Bluetooth SIG and the IEEE Printer Work Group.
David is the co-founder of TVinteract, LLC which developed software for on-air TV talent to curate and display social media in real-time, which was acquired in 2014. David has served as a Technology Partner Network advisor for the Bill & Melinda Gates Foundation for over three years and currently serves as a mentor for the Australian incubator "Innovyz START" and is an advisor to Melbourne-based "Bluedot Innovation" and Washington DC-based "Manalto".
Prior to moving to the United States, David was a management consultant at PricewaterhouseCoopers in Melbourne, Australia, and prior to that was a professional pianist in Adelaide, Australia.
David holds a Master of Engineering: IT, Telecommunications & Business Management, and a Bachelor of Electronic Engineering (Hons.) – both from the University of South Australia.

SPECIAL RESPONSIBILITIES
Chief executive Officer

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil
OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

DIRECTORS' REPORT (CONTINUED)

Mr Richard Borenstein – Non-Executive Chairman

EXPERIENCE AND EXPERTISE
Rick Borenstein is a venture investor, advisor and board member with over 40 years of technology company experience. He currently advises 7 venture-financed companies and sits on several boards. Mr. Borenstein brings extensive business, finance, accounting and entrepreneurial skills to each company.
Rick co-founded Sequoia Partners in 1988 and currently serves as Chairman. Sequoia Partners is a "sell side" information technology mergers & acquisitions firm. Sequoia has a long history of executing premium transactions for venture capital companies and corporate technology investors.
Mr. Borenstein started his entrepreneurial career after Wells Fargo when he conceived, built and sold 3 companies over the course of 4 years. Mr. Borenstein became President of IMSI in 1986, a $50M per year consumer software products company. During his tenure, he took the company public in 1987 and initiated their strategy of growth through acquisition. This exposure to software company deal making convinced him that a small, "virtual", I.T. focused M&A company could be built successfully.
Mr. Borenstein's finance training started at Harvard Business School (M.B.A. 1972) and continued through White, Weld & Co., Salomon Brothers and Wells Fargo and Co. His early investment banking training included mergers and acquisitions, leveraged buy-outs, IPOs and off balance sheet financings. At Wells Fargo, he perfected his accounting skills as Deputy Controller of the Bank; he learned lending and bank/brokerage company finance while serving as the Bank's senior brokerage industry banking officer; and he improved his deal making skills as President of Wells Fargo Investment Company, the Bank's venture capital subsidiary. Rick invested in a group of companies that have since gone on to become some of the best-known names in the Bay Area technology sector.
Mr. Borenstein grew up in New York City, and attended the University of Michigan before going to Harvard Business School. He has taught entrepreneurship at the Center for Entrepreneurship at the U of M and at San Quentin Prison (SF Bay Area) as part of The Last Mile program there.

SPECIAL RESPONSIBILITIES
Chairman of the Board
Member of the audit and risk committee
Member of the remuneration and nomination committee

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil
OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

Mr Alexander Gounares– Non-Executive Director

EXPERIENCE AND EXPERTISE
Alex Gounares is the founder and CEO of Polyverse Corporation, the leading provider of moving target defense based cybersecurity solutions. Previously, Alex led Concurix Corporation, a maker of Node.js profiling tools. These tools were acquired by Strongloop Inc and integrated into the Strongloop Arc platform.

Prior to Concurix, Alex served as AOL's Chief Technology Officer. In this role, he led all aspects of AOL's technology strategy, platform development and external technology partnerships. He was responsible for all of AOL's global engineering, IT, and operations functions.

DIRECTORS' REPORT (CONTINUED)

In addition, he served as a member of the company's Global Executive Operating Committee.

Alex joined AOL from Microsoft, where he was Corporate Vice President and Chief Technology Officer for the company's Online Services Division. During his tenure at Microsoft, Gounares led significant strategic and technical operations for some of the company's most important projects including Microsoft's global advertising platform, Bing search, MSN and Microsoft Virtual Earth. Alex also served for three years as Technology Advisor to Microsoft Chairman and founder Bill Gates, as well as Corporate Vice President of Corporate Strategy in Microsoft's Finance Department.

Prior to joining Microsoft in 1993, Alex worked at Los Alamos National Laboratory. He has founded four start-ups and is also an inventor on more than 150 U.S. patents filed and pending. Alex holds a bachelor's degree cum laude in Computer Science from Princeton University.

SPECIAL RESPONSIBILITIES
Chairman of the remuneration and nomination committee

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

Mr Ananda Kathiravelu – Non-Executive Director

EXPERIENCE AND EXPERTISE
Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd), Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.

SPECIAL RESPONSIBILITIES
Member of the remuneration and nomination committee

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Promesa Limited (Executive Director)
Weebit Nano Ltd previously named Radar Iron Ltd (Non-Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

DIRECTORS' REPORT (CONTINUED)

Mr John van Ruth – Non-Executive Director

EXPERIENCE AND EXPERTISE
Mr. van Ruth is currently Chief Executive Officer of Operation Finders Foundation, and holds a number of non-executive directorships. Prior to his work in the not for profit sector, he spent four years as Chief Financial Officer for Coopers Brewery, the largest Australian owned Brewery. Before Coopers Brewery, Mr. van Ruth held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. His early career was with professional services firms EY, KPMG and Arthur Andersen with particular focus on strategic advisory services in emerging technologies in Australia, Netherlands and Canada.
Mr. van Ruth's other non-executive directorships include representing South Australia as a councillor on the Chartered Accountants ANZ governing council. He is a director on the Australian Institute of Company Directors (AICD) SA Regional Council, governor of Wyatt Benevolent Institution Inc., member of the Advisory Board of Leepsheep startup accelerator, and member of Flinders University Finance and Investment Committee.

SPECIAL RESPONSIBILITIES
Chairman of the audit and risk committee

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

COMPANY SECRETARY

Mr Stuart Usher -
Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

Buddy Platform Limited (BUD.ASX) provides highly scalable Internet of Things data aggregation and management infrastructure by way of three unique offerings – Buddy Cloud, Buddy Ohm and Parse on Buddy. The Buddy Cloud offers smart city providers a globally scalable data investment and management platform. Buddy Ohm, a complete and lowcost solution for facility resource monitoring and verification, connects systems that were never designed to work together, while turning energy savings into a strategic asset. Parse on Buddy is a mobile backend as a service (mBaaS) built on the world's most popular BaaS technology. Buddy Platform is headquartered in Seattle, Washington, with offices in Adelaide, Australia.

RESULTS

The net loss after tax for the year ended 30 June 2017 amounted to $16,946,495 (2016: $26,132,338).The primary costs for the business are salaries and research & development expenditure, which is very much in line with the costs expected for a technology company supporting a product of the Buddy Platform's technical complexity.

DIVIDENDS
There were no dividends paid or declared during the year.

OPERATING AND FINANCIAL REVIEW

The board of Buddy Platform Limited ("Buddy" or "the Company") is pleased to present its activities report for the year ending 30 June 2017.

As described in the June investor presentation (filed 19 June 2017), the company has three main product lines, Buddy Cloud, Buddy Ohm and Parse on Buddy.

Regarding Buddy Cloud, the Company made substantial commercial progress including announcing, on 13 January 2017, the signing of a A$2 million smart cities deal.

Regarding Buddy Ohm, the Company launched an all-new product and made a number of announcements as follows:

- On 23 March 2017, the Company announced the launch of Buddy Ohm;
- On 8 May 2017, commenced pre-sales of Ohm product;
- On 17 May 2017 introduced Ohm to the US market; and
- Please see "Significant Events After the Balance Sheet" for additional items.

Regarding Parse on Buddy, the Company launched the product and achieved the following:

- On 6 September 2016, the Company successfully launched the Buddy Parse Beta Program;
- On 19 October 2016, the Company announced the general release of Parse on Buddy and
- On 5 May, 2017 launched the world-first forever free Parse platform.

DIRECTORS' REPORT (CONTINUED)

In addition to the major product activities, other matters include:

- On 11 July 2016, the Company completed an over-subscribed private placement to institutional & sophisticated investors to raise A$4.5 million at a price of A$0.10 by way of private placement.
- On 18 July 2016, the Company announced that it had successfully completed the First Performance Milestone of hosting 20,000,000 discrete connections per day for 3 consecutive weeks. Due to the proximity to the prior year-end, the full cost of $4,456,667 was brought to account to reflect the first milestone being achieved and is shown as a share based payment in the year ended June 30, 2016.
- On 7 October 2016, the Company announced the hire of Mr. Richard Jacroux, CFO and COO.
- On 14 October 2016, the Company announced the discontinuance of the Zentri Acquisition and on 12 January 2017, the Company announced the discontinuance of the Noveda Acquisition.
- During the year, the company successfully completed the Second Performance Milestone of more than 500,000 New Connections per week for no less than three (3) consecutive weeks. As of the date of this report, the board has not yet approved the conversion of the second tranche of performance shares, which are, in any case, escrowed until December 17, 2017. The Company will make an announcement when the shares are converted.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 14 July 2017, the Company announced an agreement with Digicel Group to sell, distribute and install Buddy Ohm throughout Digicel's sales and operations teams in 26 markets throughout the Caribbean and Central America.

On 3 August 2017, the Company announced an agreement with Integrated Commercial Environments Technical Maintenance Services, Ltd. on the sales and installation of Buddy Ohm around Australia.

On 23 August 2017, the Company entered into an agreement with SaskTel for Buddy Ohm to be marketed, sold, distributed and installed across Saskatchewan, Canada.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's past operations were subject to various environmental regulations under the Federal and State Laws of Australia and the USA.

The majority of the Group's past activities involve low level disturbance associated with exploration drilling programs.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $30,000 excluding GST (2016: $44,500) to insure the Directors and Company Secretary of the Company.

DIRECTORS' REPORT (CONTINUED)

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the Company were:

	Shares		Performance Shares		Performance Rights		Options	
Director	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**
David McLauchlan	137,810,154	-	44,333,333	-	-	-	-	-
Richard Borenstein	-	20,200,334	6,666,667	-	-	-	854	-
Alexander Gounares	3,593,322	-	5,000,000	-	-	-	401,625	-
Ananda Kathiravelu	63,333	43,333	-	-	-	-	-	-
John van Ruth	-	844,812	1,666,667	-	-	-	-	-
TOTAL	**141,466,809**	**21,088,479**	**57,666,667**	**-**	**-**	**-**	**402,479**	**-**

MEETINGS OF DIRECTORS

During the financial year, meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors meetings		Audit committee meetings		Remuneration and nomination committee meetings	
Directors	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**
David McLauchlan	5	5	-	-	-	-
Richard Borenstein	5	5	5	5	2	2
Alexander Gounares	5	5	-	-	2	2
Ananda Kathiravelu	5	5	-	-	1	2
John van Ruth	5	5	5	5	-	-

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2017. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Mr David McLauchlan	(Executive Director & CEO)
Mr Richard Borenstein	(Non-executive Chairman)
Mr Alexander Gounares	(Non-executive Director)
Mr Ananda Kathiravelu	(Non-executive Director)
Mr John van Ruth	(Non-executive Director)
Mr. Richard Jacroux	(Chief Financial Officer / Chief Operating Officer)

Remuneration Policy

Remuneration of Directors and Key Management Personnel is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote time on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors and has a Remuneration Committee to assist the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of the Company. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Remuneration Committee charter is available on the Company's website at www.buddy.com.

Remuneration Structure

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

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). It is the policy of the Company to compensate Directors in share based payments only through the issue of Performance Shares (subject to any necessary Shareholder and regulatory approvals).

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Fees for non-executive Directors are linked to the performance of the Group through the issue of Performance Shares and Performance Rights. This aligns Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans that may exist from time to time.

Executive Remuneration

Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes). The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and the remuneration and nomination committee. Executive Directors are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any director's fees in addition to their remuneration arrangements.

Fixed Remuneration

All KMP's are remunerated based on services provided by each person. The Board will review KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of Performance Rights and Incentive Rights to key management personnel to encourage the alignment of personal and shareholder interests. The issue of these securities formed part of the Consideration Securities as a result of the acquisition of Buddy Inc. The Company believes this policy will be effective in increasing shareholder wealth.

Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and future years. Due to the nature of the Group's principal activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Group.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Service Contracts

Non-Executive Directors

The key terms of the Non-Executive Director letters of appointment are as follows:
- Term of agreement – ongoing subject to annual review.
- Directors' Fees – the issue of Performance Shares on initial appointment.
- There is no notice period stipulated to terminate the contract by either party.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

Executives

Remuneration and other terms of employment for the Executive Director and Chief Executive Officer and the Chief Financial Officer are formalised in service agreements. Other major provisions of these agreements are set out below:

Executive Services Agreement - David McLauchlan
The Company and David McLauchlan entered into an Executive Services Agreement for his role as Chief Executive Officer commencing on the date of settlement of the Company's acquisition of Buddy Platform, Inc. being 17th December 2015.

The material terms of the Executive Services Agreement (ESA) are as follows:

(a) Salary: Under the ESA, Mr McLauchlan receives an annual salary of US$250,000

(b) Performance Bonus**:** The Company may, at any time, pay Mr McLauchlan, a performance-based bonus over and above the Salary.

(c) Restraint of Trade: Upon termination of the ESA, Mr McLauchlan will be subject to a restraint of trade period of up 6 months.

(d) Mr McLauchlan is employed on an at-will employment relationship with the Company which may be terminated at any time by either Mr McLauchlan or the Company upon notice to the other, for any or no reason, with or without prior notice or cause. Further, the Company can demote, transfer, suspend or otherwise discipline him in its sole discretion.

Executive Services Agreement – Richard Jacroux
The Company and Richard Jacroux entered into a Services Agreement (SA) for his role as Chief Financial Officer and Chief Operating Officer commencing on his date of employment being 3rd October 2016.

The material terms of the SA are as follows:

(a) Salary: Mr. Jacroux receives an annual salary of US$210,000

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

(b) Employee Incentive Performance Rights (EIPR): Mr Jacroux received a grant of 8,000,000 EIPR with standard vesting over four years.

(c) Mr Jacroux is employed on an at-will employment relationship with the Company which may be terminated at any time by either Mr Jacroux or the Company upon notice to the other, for any or no reason, with or without prior notice or cause. Further, the Company can demote, transfer, suspend or otherwise discipline him in its sole discretion.

Remuneration of Directors and Executives

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Buddy Platform Limited are set out in the following table:

Key Management Personnel of Buddy Platform Limited

2017		**Short Term Benefits**		**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary and Fees $**	**Bonus**	**Non-Monetary $**	**Super-annuation $**	**Performance Shares & Rights $**	**Total $**	**% Performance Related**
David McLauchlan	331,345[1]	-	-	-	2,966,871	3,298,216	90%
Richard Borenstein	-	-	-	-	484,836	484,836	100%
Alexander Gounares	-	-	-	-	497,158	497,158	100%
John van Ruth	-	-	-	-	111,547	111,547	100%
Ananda Kathiravelu	-	-	-	-	-	-	-
Richard Jacroux*	205,888[1]	-	-	-	187,488	393,376	48%
Total	**537,233**	-	-	-	**4,247,900**	**4,785,133**	**89%**

*Commenced on 3 October 2016
[1] Converted from USD to AUD using an average rate for the relevant period

2016		**Short Term Benefits**		**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary and Fees $**	**Bonus**	**Non-Monetary $**	**Super-annuation $**	**Performance Shares & Rights [3] $**	**Total $**	**% Performance Related**
David McLauchlan (Appointed 17 Dec-15)	255,798[1]	136,426[1]	12,250[1][2]	-	3,644,929	4,049,403	90%
Richard Borenstein (Appointed 17 Dec-15)	-	-	-	-	835,351	835,351	100%
Alexander Gounares (Appointed 17 Dec-15)	-	-	-	-	505,812	505,812	100%
John van Ruth (Appointed 11 Feb-16)	-	-	-	-	137,027	137,027	100%
Ananda Kathiravelu	29,500	-	-	1,045	-	30,545	-
Ben Binninger (Resigned 17 Dec-15)	26,000	-	-	-	-	26,000	-
Richard Monti (Resigned 17 Dec-15)	20,000	-	-	760	-	20,760	-
Total	**331,298**	**136,426**	**12,250**	**1,805**	**5,123,119**	**5,604,898**	**91%**

[1] Converted from USD to AUD using an average rate for the relevant period
[2] Non-monetary benefits include health and dental
[3] Includes the full valuation of 1/3 of Performance Shares on the achievement of Milestone 1, remainder of cost includes Milestone 2 & 3 based on vesting conditions

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of Key Management Personnel

The number of ordinary shares of Buddy Platform Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities for the year ended 30 June 2017 is as follows:

Directors	Held at 1 July 2016	Movement During Year	Change due to appointment/ (resignation)	Held at 30 June 2017
David McLauchlan	115,643,487	22,166,667[(1)]	-	137,810,154
Richard Borenstein	14,522,547	5,677,787 [(1)]	-	20,200,334
Alexander Gounares	-	3,593,322[(1)]	-	3,593,322
John van Ruth	11,479	833,333[(1)]	-	844,812
Ananda Kathiravelu	106,666	-	-	106,666
Total	**130,284,179**	**32,271,109**	**-**	**162,555,288**

(1) Conversion of Performance Shares 1st Milestone & Replacement Performance Rights

Directors	Held at 1 July 2015	Movement During Year	Change due to appointment/ (resignation)	Held at 30 June 2016
David McLauchlan (Appointed 17 Dec-15)	-	-	115,643,487	115,643,487
Richard Borenstein (Appointed 17 Dec-15)	-	-	14,522,547	14,522,547
Alexander Gounares (Appointed 17 Dec-15)	-	-	-	-
John van Ruth (Appointed	-	-	11,479	11,479
Ananda Kathiravelu	133,332	(26,666)	-	106,666
Ben Binninger (Resigned 17 Dec-15)	15,000	-	(15,000)	-
Richard Monti (Resigned 17 Dec-15)	2,774,166	(1,254,166)	(1,520,000)	-
Total	**2,922,498**	**(1,280,832)**	**128,642,513**	**130,284,179**

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2017 is as follows:

Directors	Held at 1 July 2016	Conversion	Expiry of Options	Change due to appointment / (resignation)	Held at 30 June 2017	Vested and exercisable at 30 June 2017
Richard Borenstein	854	-	-	-	854	854
Alexander Gounares	401,625	-	-	-	401,625	225,914
Total	**402,479**	-	-	-	**402,479**	**226,768**

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Directors	Held at 1 July 2015	Conversion	Expiry of Options	Change due to appointment / (resignation)	Held at 30 June 2016	Vested and exercisable at 30 June 2016
David McLauchlan	-	-	-	-	-	-
Richard Borenstein	-	-	-	854	854	747
Alexander Gounares	-	-	-	401,625	401,625	96,936
John van Ruth	-	-	-	-	-	-
Ananda Kathiravelu	66,668	-	(66,668)	-	-	-
Ben Binninger (Resigned 17 Dec-15)	-	-	-	-	-	-
Richard Monti (Resigned 17 Dec-15)	1,387,083	(1,387,083)	-	-	-	-
Total	**1,453,751**	**(1,387,083)**	**(66,668)**	**402,479**	**402,479**	**97,683**

Performance Shares of Key Management Personnel

The number of Performance Shares in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2017 is as follows:

Directors	Held at 1 July 2016	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2017	Vested and exercisable at 30 June 2017
David McLauchlan	66,500,000	(22,166,667)	-	44,333,333	22,166,667
Richard Borenstein	10,000,000	(3,333,333)	-	6,666,667	3,333,333
Alexander Gounares	7,500,000	(2,500,000)	-	5,000,000	2,500,000
John van Ruth (Appointed	2,500,000	(833,333)	-	1,666,667	833,333
Total	**86,500,000**	**(28,833,333)**	**-**	**57,666,667**	**28,833,333**

Directors	Held at 1 July 2015	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2016	Vested and exercisable at 30 June 2016
David McLauchlan (Appointed 17 Dec-15)	-	-	66,500,000	66,500,000	22,166,667
Richard Borenstein (Appointed 17 Dec-15)	-	-	10,000,000	10,000,000	3,333,333
Alexander Gounares (Appointed 17 Dec-15)	-	-	7,500,000	7,500,000	2,500,000
John van Ruth (Appointed 2 Feb 2016)	-	-	2,500,000	2,500,000	833,333
Total	**-**	**-**	**86,500,000**	**86,500,000**	**28,833,333**

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Employee Incentive Performance Rights & Replacement Rights of Key Management Personnel

The number of Performance Rights in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2017 is as follows:

Directors	Held at 1 July 2016	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2017	Vested and exercisable at 30 June 2017
Richard Borenstein (Appointed 17 Dec-15)	2,344,454	(2,344,454)	-	-	-
Alexander Gounares (Appointed 17 Dec-15)	1,943,683	(1,093,322)	-	850,361	-
Richard Jacroux (Appointed 6 October 2016)*	-	-	8,000,000	8,000,000	-
Total	**4,288,137**	**(3,437,776)**	**8,000,000**	**8,850,361**	-

*Granted as compensation during the year.

Directors	Held at 1 July 2015	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2016	Vested and exercisable at 30 June 2016
Richard Borenstein (Appointed 17 Dec-15)	-	-	2,344,454	2,344,454	2,051,397
Alexander Gounares (Appointed 17 Dec-15)	-	-	1,943,683	1,943,683	607,401
Total	**-**	**-**	**4,288,137**	**4,288,137**	**2,658,798**

Share-based Compensation

Share-based compensation for the Directors in the current year were issued as Performance Shares, Performance Rights and Replacement options.

Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees as lead manager to the Public Offer under a Prospectus dated 3 November 2015 and received a fee equal to 6% of the total funds raised based on normal commercial terms. Armada Capital also provided investor relations and marketing support to the Company on normal commercial terms during the year for which it received a monthly fee of $4,000 under a marketing and investor relations agreement with the Company.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2017 were as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Brokerage on capital raising [1]	205,000	768,750
Investor relations and marketing support	48,000	48,000
Total	**253,000**	**816,750**

[1] Includes brokerage fees paid to sub-underwriters

Loans to Key Management Personnel

	Balance at 1 July 2017	Balance at 30 June 2016	Highest balance during period
David McLauchlan (Appointed 17 Dec-15)	$13,734 [1]	$75,000 [1]	$100,000

[1] Loan funds were advanced to David McLauchlan on 1 January 2016 into an ANZ Bank account for the primary purpose of using Company funds in establishing an office in Adelaide, South Australia. This was required ahead of the lengthy time it took to change the bank signatories on the change of control of the Company that occurred on 17 December 2015. Of the $100,000 transferred, there remains $13,734 outstanding which has been spent and is awaiting final reconciliation of these funds. No interest was charged as the funds were only used only for Company purposes.

***********END OF AUDITED REMUNERATION REPORT***********

DIRECTORS' REPORT (CONTINUED)

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Buddy Platform Ltd support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at www.buddy.com.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2017 has been received and can be found on page 24.

AUDITOR

Nexia Perth Audit Services Pty Ltd continues in office in accordance with Section 327 of the Corporation Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

SHARE OPTIONS

Shares under Option
As at 30 June 2017, there existed the following unlisted options.

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option	Vested & Exercisable
17-Dec 2015	17-Dec 2020	10.0c	2,806,647	1,550,217
9-Nov 2015	30-Nov 2017	12.5c	40,000,000	40,000,000
9-Nov 2015	30-Nov 2017	3.0c	12,500,000	12,500,000
			55,306,647	**54,050,217**

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year and up to the report date, 1,068 ordinary shares were issued as a result of the exercise of options.

DIRECTORS' REPORT (CONTINUED)

Performance Shares
As at 30 June 2017, there existed the following unlisted Performance Shares

Date Granted	Expiry Date	Exercise Price	Number	Vested & Exercisable
17-Dec 2015	17-Dec 2020	Nil	63,666,667	31,833,333

The Performance Shares will convert upon satisfaction of any one of the following milestones:

(i) One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares (Issue Date) shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(ii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(iii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:

(A) total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
(B) total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

As at the date of this report Milestone 1 has been achieved with vesting conditions satisfied. Refer to the remuneration report for further details of the performance shares of Key Management Personnel. During the year, the company successfully completed the Second Performance Milestone of more than 500,000 New Connections per week for no less than three (3) consecutive weeks. As of the date of this report, the board has not yet approved the conversion of the second tranche performance shares, which are, in any case, escrowed until December 17, 2017. The Company will make an announcement when the shares are converted.

Performance Rights
As at 30 June 2017, there existed the following unlisted Performance Rights

Date Granted	Expiry Date	Exercise Price	Number	Vested
17-Dec 2015	17-Dec 2020	Nil	8,274,603	-

The replacement performance rights shall vest and become exercisable on a quarterly basis in equal tranches over 4 years from the employee's commencement date. During the year ended 30 June 2017 24,528,888 of the Performance rights converted into ordinary shares.

DIRECTORS' REPORT (CONTINUED)

Employee Incentive Performance Rights
As at 30 June 2017, there existed the following unlisted Employee Incentive Rights.

Date Granted	Expiry Date	Exercise Price	Number	Vested
12 April 2017	12 Apr-2021	Nil	3,290,625	-
19 December 2016	19 Dec-2020	Nil	12,051,767	751,767
17-June 2016	17-June 2020	Nil	18,720,525	-

The Vesting conditions of the EIPR's are 25% vests on the first anniversary from the employee's commencement date with the remainder vesting on a quarterly basis in equal tranches over 4 years from the employee's commencement date. Employee Rights will lapse on termination of employment. During the year ended 30 June 2017 11,843,845 of the Employee Incentive Performance Rights converted into ordinary shares.

AUDIT SERVICES

During the year the following fees were paid or payable for services provided by the auditor.

	Consolidated 2017 $	Consolidated 2016 $
Audit Services		
Amounts payable to auditor of parent entity	57,950	65,150
	57,950	**65,150**

There were no non-audit services performed by the auditor during the year (2016: Nil).

Signed in accordance with a resolution of the Directors.

David McLauchlan
CEO & Executive Director

Date: 29 September 2017

Nexia Australia

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Buddy Platform Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
29 September 2017

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BUDDY PLATFORM LIMITED
ACN: 121 184 316

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2017

		Consolidated	
	Note	30 June 2017 $	30 June 2016 $
Service revenue	4	1,048,715	43,478
Other income	4	46,740	
Finance income	4	73,117	96,422
Gain on asset sales	4	960	-
Cost of sales		(580,446)	-
Advertising & marketing expenses		(1,418,787)	(511,838)
Financial, administration, insurance and compliance costs		(1,735,459)	(1,507,989)
Depreciation		(102,039)	(38,525)
IT & web costs		(829,785)	(242,785)
Impairment of investment	10	(658,250)	-
Employee benefits expense		(4,362,627)	(2,017,409)
Share based payments	12 (c)	(7,448,214)	(11,311,424)
Option fee paid pre-acquisition		-	(500,000)
Research & development		(980,420)	(518,108)
Share based payment for listing services		-	(9,624,160)
Profit / (Loss) before income tax expense		(16,946,495)	(26,132,338)
Income tax benefit	6	-	-
Loss for the year		**(16,946,495)**	**(26,132,338)**
Other Comprehensive Income / (Loss):			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments		(45,603)	45,603
Foreign currency translation differences for foreign operations		6,738	(125,321)
Gain on asset sales		-	-
Other comprehensive income / (loss) for the period, net of tax		(38,865)	(79,718)
Total Comprehensive Loss for the year		**(16,985,360)**	**(26,212,056)**
Basic & Diluted Profit / (Loss) per share - cents per share	5	(0.02)	(5.63)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	6,121,603	10,835,739
Trade and other receivables	8	531,943	190,104
Inventory		106,643	-
Total current assets		**6,760,189**	**11,025,843**
Non-current assets			
Property, plant & equipment	9	314,380	167,743
Investments	10	430,900	1,134,753
Total Non-Current Assets		**745,280**	**1,302,496**
TOTAL ASSETS		**7,505,469**	**12,328,339**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	792,387	228,193
Provisions	17	73,307	19,225
Total Current Liabilities		865,694	247,418
TOTAL LIABILITIES		**865,694**	**247,418**
NET ASSETS		**6,639,775**	**12,080,921**
EQUITY			
Share capital	12	32,090,674	27,994,674
Reserves		23,365,945	15,956,596
Accumulated losses		(48,816,844)	(31,870,349)
Equity attributable to owners of the parent		6,639,775	12,080,921
TOTAL EQUITY		**6,639,775**	**12,080,921**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

Consolidated 2017	**Issued Capital $**	**Share Based Payments Reserve $**	**Foreign Currency Translation Reserve $**	**Available for Sale Reserve $**	**Accumulated Losses $**	**Total Equity $**
Total equity at 1 July 2016	**27,994,674**	**16,036,314**	**(125,321)**	**45,603**	**(31,870,349)**	**12,080,921**
Total Profit / (Loss) for the period	-	-	-	-	(16,946,495)	(16,946,495)
Unrealized foreign exchange gain	-	-	6,738	-	-	6,738
Revaluation of investment	-	-	-	(45,603)	-	(45,603)
Total Comprehensive Income / (Loss) for the period	-	-	6,738	(45,603)	(16,946,495)	(16,985,360)
Transactions with equity holders:						
Shares issued during the period:						
Shares issued pursuant to capital raising (Note 12)	4,500,000	-	-	-	-	4,500,000
Costs of capital raising (Note 12)	(404,000)	-	-	-	-	(404,000)
Share based payments (Note 12 c)	-	7,448,214	-	-	-	7,448,214
Total equity at 30 June 2017	**32,090,674**	**23,484,528**	**(118,583)**	**-**	**(48,816,844)**	**6,639,775**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 30 June 2016

Consolidated 2016	**Issued Capital $**	**Share Based Payments Reserve $**	**Foreign Currency Translation Reserve $**	**Available for Sale Reserve $**	**Accumulated Losses $**	**Non-Controlling Interest $**	**Total Equity $**
Total equity at 1 July 2015	**30,450,232**	**-**	**2,241,138**	**-**	**(28,734,787)**	**(2,350,079)**	**1,606,504**
Total Comprehensive Profit / (Loss) for the period	-	-	-	-	(26,132,338)	-	(26,132,338)
Total other comprehensive income	-	-	(125,321)	45,603	-	-	(79,718)
Total Comprehensive Income / (Loss) for the period	-	-	(125,321)	45,603	(26,132,338)	-	(26,212,056)
Elimination of Potash Minerals Ltd accumulated losses date of acquisition 17 December 2015	-	-	(2,241,138)	-	29,825,797	-	27,584,659
Elimination of Potash Minerals Ltd Non-controlling interest on date of acquisition 17 December 2015	-	-	-	-	-	2,350,079	2,350,079
Recognition of accumulated losses of Buddy Inc. at 17 Dec 15	-	-	-	-	(6,829,021)	-	(6,829,021)
Transactions with equity holders:							
Shares issued during the period:							
Elimination of Potash Minerals on consolidation on date of acquisition 17 December 2015	(33,079,026)	-	-	-	-	-	(33,079,026)
Buddy issued capital as at 17 Dec 2015	6,524,335	-	-	-	-	-	6,524,335
Consideration for the acquisition of Potash	13,452,543	-	-	-	-	-	13,452,543
Shares issued pursuant to capital raising	12,500,000	-	-	-	-	-	12,500,000
Convertible notes converted to Buddy Share Capital	1,027,491	-	-	-	-	-	1,027,491
Option conversions	2,628,794	-	-	-	-	-	2,628,794
Costs of capital raising	(5,509,695)	-	-	-	-	-	(5,509,695)
Share based payments	-	11,311,424	-	-	-	-	11,311,424
Recognition of Buddy Option reserve	-	25,451	-	-	-	-	25,451
Fair value of options issued under prospectus	-	4,699,439	-	-	-	-	4,699,439
Total equity at 30 June 2016	**27,994,674**	**16,036,314**	**(125,321)**	**45,603**	**(31,870,349)**	**-**	**12,080,921**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated 30 June 2017 $	Consolidated 30 June 2016 $
Cash flows from operating activities			
Interest received	4	73,117	96,422
Receipts from customers & other income		1,053,129	-
Payment for option fee		-	(500,000)
Payments for research & development		(980,420)	(518,108)
Payments to suppliers and employees		(8,714,983)	(4,491,034)
Net cash flows used in operating activities	13	**(8,569,157)**	**(5,412,720)**
Cash flows from investing activities			
Refund for bonds in favour of the company		-	350,131
Proceeds from sale of plant and equipment	4	960	-
Payments for plant and equipment		(248,677)	(52,450)
Net cash flows used in investing activities		**(247,717)**	**297,681**
Cash flows from financing activities			
Proceeds from share issue		4,500,000	12,500,000
Proceeds from conversion of options		-	2,628,794
Capital Raising Costs		(404,000)	(810,142)
Net cash flows provided by financing activities		**4,096,000**	**14,318,652**
Net increase/(decrease) in cash and cash equivalents held		(4,720,874)	9,203,613
Cash acquired on Buddy Inc.		-	558,821
Effect of FX rate changes		6,738	
Cash and cash equivalents at the beginning of the period		10,835,739	1,073,305
Cash and cash equivalents at the end of the period	7	**6,121,603**	**10,835,739**

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

NOTE 1: REPORTING ENTITY

Buddy Platform Limited (the "Company") is a company domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:BUD). The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which does not form part of this financial report.

NOTE 2: BASIS OF PREPARATION

This general purpose financial report for the year ended 30 June 2017 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Buddy Platform Limited was incorporated in Australia on 11 August 2006 as Transit Holdings Limited and is a company limited by shares. The Company changed its name to Potash Minerals Limited on 24 November 2011 and again to Buddy Platform Limited on 17 December 2015 on the acquisition of 100% of the issued shares of Buddy Platform Inc., a United States of America registered entity. The financial statements are presented in Australian Dollars.

This Consolidated Financial Report was approved by the Board of Directors on 29 September 2017.

Financial Position

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

The Group reported a loss after tax for the year ended 30 June 2017 of $16,946,495 (2016: $26,132,338), had a net working capital surplus of $5,894,495 (2016: $10,778,425) at 30 June 2017 and reported net cash outflows from operating activities for the year of $8,569,157 (2016: $5,412,720).

Based on a cash flow forecast which includes the assumption that options expiring in November 2017 will be exercised, the working capital surplus at 30 June 2017 and the Group's ability to reduce costs if necessary, , the Directors consider the going concern basis of preparation to be appropriate.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, except for available for sale financial assets which are measured at fair value.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

A. Principles of Consolidation

<u>Subsidiaries</u>
The consolidated financial statements comprise the assets and liabilities of Buddy Platform Limited and its subsidiaries at 30 June 2017 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Buddy Platform Limited. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Buddy Platform Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Buddy Platform has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(G)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

C. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year'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 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Income Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian resident subsidiaries have not formed a tax-consolidated Group as at balance sheet date.

D. Goods and Services Tax and Similar Taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except; where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

E. Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

F. Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property, Plant and Equipment (continued)

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

• Computer Equipment	4 years
• Software	3 years
• Office Equipment	5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

G. Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.
Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

I. Impairment

Impairment of Non-Financial Assets

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Impairment (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment of Financial Assets

For available for sale (AFS) financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income (OCI) and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

J. Share-Based Payments

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award (‘vesting date’).

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Share-Based Payments (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

K. Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

L. Revenue recognition

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

The specific recognition criteria described below must also be met before revenue is recognised.

Buddy Cloud
Revenue is recognised each month by reference to the stage of completion over the term of the customer service agreement. Stage of completion is measured by reference to time incurred to date as a percentage of total time for each service delivery contract.

Revenue from the sale of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. The Group does not provide any extended warranties or maintenance contracts to its customers.

Research and Development Grants
The Group recognises revenue from research and development grants (R&D) on receipt of the funds.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Revenue recognition (continued)

Finance Income
Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

M. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

N. Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii) 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.

O. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

P. Foreign Currency Translation

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary is translated into the presentation currency of Buddy Platform Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Foreign Currency Translation (continued)

The accounting parent is Buddy Platform Incorporated (Buddy Inc) which has a Functional Currency of USD. Buddy Platform Limited is the accounting subsidiary and has a functional and presentational currency is AUD. The Group has chosen Australian dollars (AUD) as the presentation currency.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

Q. Employee benefits

Short-term Employee Benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at amounts expected to be paid when liabilities are settled.

Defined Contribution Superannuation Expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

R. Significant Accounting Estimates and Assumptions

<u>Critical Accounting Estimates</u>

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

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payments
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Comparative Information

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

T. Application of New and Revised Accounting Standards

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Group does not plan to adopt these standards early.

The following AASBs are most relevant to the Group:

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Group does have operating leases. AASB 16 is expected to have a material impact on the Group's financial report. The Group is currently assessing the impact of this standard.

AASB 9: Financial Instruments (applicable to annual reporting periods commencing on or after 1 January 2018)

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (**OCI**).

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (**ECL**) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group's financial instruments consist of cash, debtors, and investment at fair value other debtors and payable as disclosed in Note 19. (Financial Instruments) This standard is expected to have a material impact on the Group financial report. The Group is assessing the impact of this standard.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Application of New and Revised Accounting Standards (Continued)

AASB 15: Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018)

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

This standard is expected to have a material impact on the Group’s revenue recognition policies. The Group is currently assessing the impact of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 4: REVENUE

	Consolidated 2017 $	Consolidated 2016 $
Service revenues	1,048,715	43,478
Interest Income	73,117	96,422
Other income	46,740	-
Gain on asset sales	960	-
Total Revenue	**1,169,532**	**139,900**

NOTE 5: LOSS PER SHARE

	Consolidated 2017 $	Consolidated 2016 $
Basic and diluted profit & (loss) per share - cents	(0.02)	(5.63)
Profit/(Loss) used in the calculation of basic and diluted loss per share	(16,946,495)	(26,132,338)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	803,172,929	464,571,482
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	803,172,929	464,571,482

Options are considered anti-dilutive in the current year due to loss position of the Company and are not included in the calculation of diluted earnings per share.

NOTE 6: INCOME TAX

Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 6: INCOME TAX (CONTINUED)

	Consolidated 2017 $	Consolidated 2016 $
	(16,946,495)	**(26,132,338)**
Income tax using the domestic corporation tax rate of 27.5% (2016: 28.5% Corporation Tax Rate)	(4,660,286)	(7,447,716)
Expenditure not allowable for tax purposes		
Share based payments	2,048,259	3,223,781
Non-Deductible Expenditure	38,770	
Buddy Inc Listing Fee & Option Fee	-	2,885,386
Research & Development	323,151	147,661
Temporary differences		
Unrecognised Temporary Differences	201,982	63,326
Capital raising costs deductible	(96,018)	(91,024)
Unrecognised tax losses	2,144,142	1,218,586
		-
Income tax expense/(benefit)	**-**	**-**

<u>Unrecognised deferred tax assets</u>

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated 2017 $	Consolidated 2016 $
Deductible temporary differences	792,111	708,459
Tax losses	1,282,132	576,079
Total	**2,074,243**	**1,284,538**

Future availability of the deductible temporary differences and tax losses is dependent on the Group complying with the relevant legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits therefrom.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated 2017 $	Consolidated 2016 $
Reconciliation to Statement of Financial Position		
Cash at bank	6,121,603	10,835,739
Total Cash and Cash Equivalents	**6,121,603**	**10,835,739**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(1) Cash at bank is subject to floating interest rates at an effective interest rate of approximately (2%) (2016: 2%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated 2017 $	Consolidated 2016 $
Current		
Trade receivables	13,417	18,568
Receivables from a related party (Note 15)	13,734	75,000
Other Receivables (1)	64,984	72,013
Prepayments & Deposits	439,808	24,523
Total Current Trade and Other Receivables	**531,943**	**190,104**

(1) Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	2017 $	2016 $
Computer equipment		
Opening balance	133,178	-
Assets Acquired as part of the reverse acquisition	-	125,098
Additions	35,207	33,666
Disposals	-	-
Depreciation	(61,855)	(25,586)
Total office equipment	106,530	133,178

	2017 $	2016 $
Furniture & Fittings		
Opening balance	7,155	-
Assets Acquired as part of the reverse acquisition	-	3,861
Additions	2,707	8,680
Disposals	-	-
Depreciation	(2,173)	(5,386)
Total office equipment	7,689	7,155

	2017 $	2016 $
Office Equipment		
Opening balance	27,410	-
Additions	208,942	9,110
Disposals	-	-
Depreciation	(36,191)	(7,553)
Assets Acquired as part of the reverse acquisition	-	25,853
Total office equipment	200,161	27,410
Net Book Value for Property, Plant and Equipment	314,380	167,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated 2017 $	Consolidated 2016 $
Available-for-sale financial assets carried at fair value[(1)]		
- Listed shares	430,900	1,134,753
Total Other Financial Assets	**430,900**	**1,134,753**
Opening balance	**1,134,753**	**294,978**
Revaluation of Radar Iron as at the date of acquisition (Now renamed Weebit Nano Limited)	-	794,173
Change in fair value through Other Comprehensive Income	(45,603)	45,602
Change in fair value through profit or loss [(2)]	(658,250)	-
Closing balance of available-for-sale financial asset	**430,900**	**1,134,753**

[(1)] Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.
[(2)] Due to a significant drop in the value of the Company's investment in Weebit Nano Limited, the movement in the fair value has been impaired in accordance with AASB 139 Financial Instruments: Recognition and Measurement

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated 2017 $	Consolidated 2016 $
Trade payables [(1)]	425,837	194,307
Sundry payables and accrued expenses[(2)]	366,550	33,886
Total Trade and Other Payables	**792,387**	**228,193**

[(1)] Trade payables are non-interest bearing and are normally settled on 30-day terms
[(2)] Other payables are non-trade payables, are non-interest bearing and have an average term of 1 month.

NOTE 12: SHARE CAPITAL & RESERVES

	#	$
CONSOLIDATED AND PARENT ENTITY 2017	**Ordinary Shares**	
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**872,739,954**	**32,090,674**

(b) Movements in fully paid shares on issue

	#	$
Opening balance	**759,532,819**	**27,994,674**
Capital raising	45,000,000	4,500,000
Other Capital Raising Cost	-	(404,000)
Options exercised (Note 16)	1,068	-
Replacement Performance Rights Converted (Note 16)	24,528,888	-
Employee Incentive Performance Rights Converted (Note 16)	11,843,845	-
Performance Shares Converted (Note 16)	31,833,334	-
Balance as at 30 June 2017	**872,739,954**	**32,090,674**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 12: SHARE CAPITAL & RESERVES (CONTINUED)

Movements in fully paid shares on issue 30 June 2016	**#**	**$**
Opening balance 1 July 2015	121,394,894	30,450,232
Options exercised	13,137,969	2,628,794
Elimination of Potash Minerals on consolidation on date of acquisition 17 December 2015	-	(33,079,026)
Buddy issued capital	-	6,524,335
Shares issued pursuant to prospectus	125,000,000	12,500,000
Buddy Inc Convertible notes converted to Buddy Platform Share Capital	-	1,027,491
Consideration for the Buddy acquisition	499,999,956	13,452,543
Costs of capital raising share options	-	(4,699,439)
Other Capital Raising Cost	-	(810,256)
Balance as at 30 June 2016	**759,532,819**	**27,994,674**

(c) Movements in share based payments reserve:	**2017 $**	**2016 $**
Opening Balance at the start of the period:	**16,036,314**	-
Recognition of Budd Inc. Option Reserve	-	25,451
*Expense recognised in relation to Performance Shares.	4,260,695	5,234,447
*Expense recognised in respect of Replacement Options –issued under the prospectus	70,652	112,256
*Expense recognised in respect of Performance Rights - issued under prospectus	753,082	3,381,939
Capital Raising Options issued under prospectus	-	4,699,439
*Expense recognised in respect of Employee Incentive Performance Rights (EIPR)	2,363,785	419,368
Transaction Options issued under prospectus to consultants	-	2,163,414
Balance at the end of the reporting period:	**23,484,528**	**16,036,314**

*The expense recognised over the vesting period is in accordance with the terms and conditions of the options. The total expense for the year ended 30 June 2017 $7,448,214 (2016: $11,311,424). Refer to note 16 Share Based Payments for further disclosure.

Nature and Purpose of Reserves

1) Share Based Payments Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised. This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Includes share-based payments used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 16 for further details of these plans

2) Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

All other reserves are as stated in the consolidated statement of changes in equity.

NOTE 13: OPERATING CASH FLOW INFORMATION

	Consolidated 2017 $	Consolidated 2016 $
Reconciliation of cash flow from operations with profit/(loss) after income tax:		
Loss for the year	(16,946,495)	(26,132,338)
Add - Noncash items:		
Share based payments	7,448,214	11,311,424
Excess deemed on acquisition	-	9,624,160
Impairment of financial asset	658,250	-
Depreciation	102,039	38,525
Gain on sale of assets	(960)	-
Changes in assets and liabilities		
Movement in inventory	(106,643)	
Movement in trade creditors and employee provisions	618,277	(218,464)
Movement in other debtors and receivables	(341,839)	64,843
Movement in FX exchange	-	(100,870)
Cash flows used in operations	**(8,569,157)**	**(5,412,720)**

NOTE 14: INTERESTS IN CONTROLLED ENTITIES

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage held 2017	Percentage held 2016
Buddy Platform Inc	USA	Ordinary	100%	100%
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Citadel Capital Holdings Inc	USA	Ordinary	100%	100%
K2O Utah LLC	USA	Membership interests (1)	100% (1)	100% (1)

NOTE 15: RELATED PARTY TRANSACTIONS

a) Parent and Ultimate Controlling Party

The parent entity and ultimate controlling party is Buddy Platform Limited.

b) Related Party Compensation

Compensation of key management personnel of the Group	**2017** **$**	**2016** **$**
Short-term employee benefits	537,233	479,974
Post-employment benefits	-	1,805
Share-based payments	4,247,900	5,123,119
Total compensation paid to key management personnel	**4,785,133**	**5,604,898**

The amounts disclosed in the table are the amounts recognised as an expense during the period related to key management personnel.

c) Shares and Options held by Directors and Key Management Personnel

Information on remuneration and shares and options held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

d) Loans To and From Related Parties

Key management personnel of the Group:	**Consolidated** **2017** **$**	 **2016** **$**
Director loans *	13,734	75,000
	13,734	**75,000**

* The amount is classified as an other receivable

Terms and Conditions of Loans

The ultimate parent
The ultimate parent of the Group is Buddy Platform Limited and is based and listed on ASX in Australia. There were no transactions other than inter-company fund transfers to its wholly owned subsidiary Buddy Platform Inc. based in USA,

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

NOTE 15: RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with key management personnel

Director loans
Loans to directors are interest free. A loan of $100,000 was advanced to David McLauchlan on 1 January 2016 into an ANZ Bank account for the primary purpose of using Company funds in establishing an office in Adelaide, South Australia. This was required ahead of the lengthy time it took to change the bank signatories on the change of control of the Company that occurred on 17 December 2015. Of the $100,000 transferred, there remains $13,734 outstanding which has been spent and is awaiting final reconciliation of these funds. No interest was charged as the funds were only used only for Company purposes.

Information on remuneration and shares and options, performance shares, performance rights held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

e) Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees in relation to the capital raisings of Buddy Platform on normal commercial terms and also provided investor relations and marketing support to the Company on normal commercial terms during the year.

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2017 were as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Brokerage on capital raising	205,000	768,750
Investor relations and marketing support	48,000	48,000
Total	**253,000**	**816,750**

NOTE 16: SHARE BASED PAYMENTS

The Company completed the following share-based payment arrangements for the year ended 30 June 2017:

(a) Performance Shares

	2017	2016
Outstanding at the beginning of the year	**95,500,000**	**-**
Granted	-	95,500,000
Converted to ordinary shares	(31,833,333)	-
Expired	-	-
Outstanding at year-end	**63,666,667**	**95,500,000**
Total Vested	**31,833,333**	**31,833,333**

The Performance Shares were issued on 17 December 2015 when the Company completed its 100% acquisition of the issued capital of Buddy Platform Inc. and was completed in accordance with a Prospectus dated 3 November 2015 and Shareholder approval on 9 November 2015. The performance shares were valued using the following assumptions:

Performance Shares were deemed to be valued at $0.14 based on the following inputs:

Underlying share price	$0.139 per share
Share exercise price	Nil
Effective date	17 December 2015
Share expiry date	17 December 2020

The issue was made to key management and employees who have an impact on the group's performance, and will vest over a period of 5 years subject to meeting performance milestones as listed below.
(Milestones): The Performance Shares will convert upon satisfaction of any one of the following milestones:

(i) One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(ii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

(iii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:

- total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
- total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

On July 17 2016, the first milestone was achieved of 20 million discrete connections per day for 3 consecutive weeks. Accordingly the full cost of the share based payment of the first milestone was recognised in 30 June 2016.

During the year ended 30 June 2017, the company successfully completed the Second Performance Milestone of more than 500,000 New Connections per week for no less than three (3) consecutive weeks. As of the date of this report, the board has not yet approved the conversion of the second tranche of performance shares, which are, in any case, escrowed until December 17, 2017. The Company will make an announcement when the shares are converted

(b) Share Options

	2017	Weighted Average Price $	2016	Weighted Average Price $
Outstanding at the beginning of the year	**55,307,715**	**0.10**	**48,220,948**	**0.20**
Granted	-	-	55,307,715	0.10
Exercised	(1,068)	0.10	(13,137,969)	0.20
Expired	-	-	(35,082,979)	0.20
***Outstanding at year-end**	**55,306,647**	**0.10**	**55,307,715**	**0.10**
Total Vested	**54,050,217**	**0.10**	**53,609,510**	**0.10**

*Included in the above share options is 2,806,647 of replacement options granted on 17 December 2015. The replacement options shall vest and become exercisable on a quarterly basis in equal tranches over 4 years from the employee's commencement date.

The weighted average contractual life of the outstanding options is 0.5 years. (2016: 1.5 years).

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

(c) Employee Incentive Performance Rights

The objective of the Employee Incentive Performance Rights Plan (EIPR) is to attract, motivate and retain key employees and it is considered by the Company that future issues under the plan will provide selected Directors, and permitted employees and contractors of the Company with the opportunity to participate in the future growth of the Company. Employee rights granted under the plan will be issued for nil consideration. The summary of the movements in employee incentive rights is as per the table below.

	2017	2016
Outstanding at the beginning of the year	**32,095,620**	**-**
Granted	17,978,125	32,095,620
Converted to ordinary shares	(11,843,845)	-
Forfeited	(4,166,983)	-
Outstanding at year-end	**34,062,917**	**32,095,620**
Vested and Exercisable*	**751,767**	**3,935,484**

The Employee Incentive Performance Rights have a nil exercises price. At 30 June 2017 the weighted average contractual life of the EIPR's was 3.5 years (2016: 4.5 years).
The following Employee Incentive Performance Rights were granted during the year:

- The employee incentive performance rights issued on 19 December 2016 were valued based on the following assumptions:

Total Number Granted	13,000,000
Underlying share price	$0.06 per share
Share exercise price	Nil
Grant date	12 December 2016
Expiry date	12 December 2020

- The employee incentive performance rights issued on 12 April 2017 were valued based on the following assumptions:

Total Number Granted	4,978,125
Underlying share price	$0.059 per share
Share exercise price	Nil
Grant date	12 April 2017
Expiry date	12 April 2021

*The Vesting conditions of the EIPR’s are 25% vests on the first anniversary from the employee’s commencement date with the remainder vesting on a quarterly basis in equal tranches over 4 years from the employee’s commencement date. Employee Rights will lapse on termination of employment.

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

Replacement Performance Rights

	2017	2016
Outstanding at the beginning of the year	**32,803,491**	**-**
Granted		32,803,491
Converted to ordinary shares	(24,528,888)	
Forfeited		
Outstanding at year-end	**8,274,603**	**32,803,491**
Vested and Exercisable*	**-**	**24,124,264**

*The replacement rights were issued on 17 December 2015 and shall vest and become exercisable on a quarterly basis in equal tranches over 4 years from the employee's commencement date.

*Replacement rights have a nil exercise price. At 30 June 2017 the weighted average contractual life of the EIPR's was 3.45 years (2016: 4.5 years)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 17: EMPLOYEE BENEFIT LIABILITY

Annual leave	**Consolidated 2017 $**	**Consolidated 2016 $**
Current		
Annual leave	73,307	19,225
	73,307	**19,225**

NOTE 18: AUDITORS' REMUNERATION

Audit Services		
Amounts payable to auditor of parent entity	57,950	65,150
	57,950	**65,150**

NOTE 19: FINANCIAL RISK MANAGEMENT

The summary of the Group's financial instruments are disclosed in the table below:

2017	**Non-Interest Bearing $**	**Floating Interest Rate $**	**Total $**
Financial assets:			
Investments	430,900	-	430,900
Cash and cash equivalents	-	6,121,603	6,121,603
Trade and other receivables	92,135	-	92,135
	523,035	6,121,603	6,644,638
Financial liabilities:			
Trade and other payables	(792,387)	-	(792,387)
	(792,387)	-	(792,387)
Net financial instruments	**(269,352)**	**6,121,603**	**5,852,251**

2016	**Non-Interest Bearing $**	**Floating Interest Rate $**	**Total $**
Financial assets:			
Investments	1,134,753		1,134,753
Cash and cash equivalents	-	10,835,739	10,835,739
Trade and other receivables	190,104	-	190,104
	1,324,857	10,835,739	12,160,596
Financial liabilities:			
Trade and other payables	(228,193)	-	(228,193)
	(228,193)	-	(228,193)
Net financial instruments	**1,096,664**	**10,835,739**	**11,932,403**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Groups policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's interest bearing financial instruments is cashflow interest rate risk. The Board review and agrees policies for managing each of these risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the Group's statement of financial position can be affected significantly by movements in the USD$/AUD$ exchange rates. As at the end of the reporting period the Group's exposure to foreign currency risk is considered immaterial by the Company and therefore no sensitivity analysis has been disclosed.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Price Risk

The Company is exposed to price risk being the listed investment in Weebit Nano Limited. The carrying value at 30 June 2017 of the financial instrument $430,900 (2016: $1,134,753). A 5% movement in the price will have $21,545 impact on the Company's equity and profit.

Interest Rate Risk

The Group is exposed to the risks of changes in market interest rates primarily on the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cashflow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

b) Credit Risk

The Group has no significant concentrations of credit risk other than its cash balances with various banks.

c) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity of the Group's payables is disclosed in Note 11 are due within 11 months from the reporting date.

d) Cash Flow and Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 7. Cash is the only financial asset effected by any movements in the interest rate.

In accordance with AASB 7 the following sensitivity analysis has been performed for the Company's Interest Rate risk:

		Effect On:		Effect On:	
		Loss	Loss	Equity	Equity
Consolidated		2017	2016	2017	2016
Risk Variable	Sensitivity	$	$	$	$
Interest Rate	+ 1.00%	63,216	108,357	63,216	108,357
	- 1.00%	(63,216)	(108,357)	(63,216)	(108,357)

* It is considered that 100 basis points a 'reasonably possible' estimate of the sensitivity in the interest rate.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

(e) Fair values of financial assets

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

The levels of the hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This applies to the financial assets described in below.

	2017 $	2016 $
Investment in Weebit Nano Limited	430,900	1,134,753

The Group's investment in Weebit Nano Limited has been classified as a Level 1 financial asset as the investment has been valued based on a quoted price in an active market.

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital supported by financial assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor the Group are subject to externally imposed capital requirements.

NOTE 20: SEGMENT REPORTING

The Group has three products Buddy OHM, Buddy Parse and Buddy Cloud. For the year ended 30 June 2017, the Group recognized 1,048,715 in revenue. The bulk off this revenue is attributable to Buddy Cloud. Buddy Parse and Buddy OHM only commenced operations towards the end of the financial year and therefore had minimal operations. Further, those charged with governance receive operating results for the Group as a whole, therefore the Group is deemed to be one operating segment

NOTE 21: PARENT ENTITY DISCLOSURES

As at and throughout the financial year ending 30 June 2017 the legal parent company of the Group was Buddy Platform Limited.

Results of the Parent Entity	**2017 $**	**2016 $**
Loss for the year	(18,120,492)	(27,138,533)
Other comprehensive income	(45,603)	45,603
Total Comprehensive Loss for the year	(18,166,095)	(27,092,930)
Financial Position of the Parent Entity at Year End		
Current Assets	6,339,774	10,649,306
Non-Current Assets	819,293	1,499,479
Total Assets	7,159,067	12,148,785
Current Liabilities	519,292	67,864
Total Liabilities	519,292	67,864
Total Equity of the Parent Entity comprising of:		
Share Capital	32,090,674	27,994,674
Reserves	23,195,197	15,956,595
Retained Losses	(48,646,096)	(31,870,348)
Total Equity	6,639,775	12,080,921

Parent Entity Contingencies
The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2017

NOTE 22: SUBSEQUENT EVENTS:

On 14 July 2017, the Company announced an agreement with Digicel Group to sell, distribute and install Buddy Ohm throughout Digicel's sales and operations teams in 26 markets throughout the Caribbean and Central America.

On 3 August 2017, the Company announced an agreement with Integrated Commercial Environments Technical Maintenance Services, Ltd. on the sales and installation of Buddy Ohm around Australia.

On 23 August 2017, the Company entered into an agreement with SaskTel for Buddy Ohm to be marketed, sold, distributed and installed across Saskatchewan, Canada.

NOTE 23: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2017.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Buddy Platform Limited, I state that:

a) the financial statements and notes of Buddy Platform Limited for the financial year ended 30 June 2017 are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

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

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.

This declaration is made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

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

On behalf of the Board

David McLauchlan
CEO & Executive Director

29 September 2017

Independent Audit Report to the Members of Buddy Platform Limited

Report on the financial report

Opinion

We have audited the financial report of Buddy Platform Limited ("the Company"), including its subsidiaries ("the Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of 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:

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

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

Basis for opinion

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

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

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

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Funding and Liquidity (Note 2) The Group incurred a loss after tax for the year ended 30 June 2017 of $16,946,495 (2016: $26,132,338), and experienced net cash outflows from operating activities for the year of $8,569,157 (2016: $5,412,720). We focussed on whether the Group had sufficient cash resources and access to funding to allow the Group to continue as a going concern. The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group's assets and the level of funding required to support that development.	Our audit procedures included, amongst others: • Obtaining the cash flow forecast prepared by management, checking the mathematical accuracy of the forecast and agreeing the opening cash balance to bank statements; • We evaluated the reliability and accuracy of the data and assumptions used to prepare management's forecasts by comparing them to financial information in current and prior years as well as to our understanding of the Group's future plans and operating conditions; • We considered the historical accuracy of the Group's cash flow forecasts by comparing the forecasts used in prior year to the actual performance in the current year; • We examined minutes of board meetings and ASX announcements subsequent to year end to ascertain whether any additional facts or information have become available since the date on which management made its assessment; • We performed a sensitivity analysis on forecast revenue & estimated operating costs; and • We assessed the basis of management's assumptions regarding the likely conversion of options and the Group's ability to place further shares.

Other information

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

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

In connection with our audit of the consolidated 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 the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated 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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 include sour 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 Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the Directors' Report for the year ended 30 June 2017.

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

Responsibilities

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

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth
29 September 2017

BUDDY PLATFORM LIMITED

ACN: 121 184 316

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

SHAREHOLDINGS

The issued capital of the Company at 27 September 2017 is ordinary fully paid shares. All ordinary shares carry one vote per share.

QUOTED SECURITIES

ORDINARY FULLY PAID SHARES AS AT 27 SEPTEMBER 2017

TOP 20 SHAREHOLDERS

		No. of Shares Held	% Held
1	MR DAVID MCLAUCHLAN	137,810,154	15.79
2	MR JEFFREY MACDUFF	77,095,658	8.83
3	CITICORP NOMINEES PTY LIMITED	25,191,753	2.89
4	DM CAPITAL MANAGEMENT PTY LTD	21,350,000	2.45
5	A2 PARTNERS PTE	17,299,047	1.98
6	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	15,140,829	1.73
7	EDGEWOOD PARTNERS LLC	12,892,784	1.48
8	MR JUSTIN LAURENCE BARRY	12,245,335	1.40
9	MR BRADLEY SERBUS	12,033,312	1.38
10	MR JAMES MATTOX	11,374,462	1.30
11	MR JEFFREY MATTOX & MS HELEN MATTOX	11,332,560	1.30
12	ACEQUIA CAPITAL LLC	11,235,689	1.29
13	MR JOHN FARMER	9,525,052	1.09
14	MR ED JENNE	8,843,527	1.01
15	MR AL GRIFFIN	8,816,967	1.01
16	MR SHAWN BURKE	8,366,458	0.96
17	MR KUOHUANG YEN & MS YUSHIN TU	7,695,148	0.88
18	MR ALAN SCOTT DOWNIE	7,500,000	0.86
19	MR PETER JOHNSON	7,330,293	0.84
20	MR PAUL GINSBURG	6,938,532	0.80
		430,017,560	**49.27**

DISTRIBUTION OF SHAREHOLDINGS	**No. of Holders**	**No. of Shares**
1 – 1,000	354	186,875
1,001 – 5,000	916	2,979,541
5,001 – 10,000	664	5,553,109
10,001 – 100,000	1,814	70,954,853
100,001 and over	699	793,065,576
	4,447	**872,739,954**

Number holding less than a marketable parcel at $0.20 per share is 505

Shareholders by Location	**No. of Holders**	**No. of Shares**
Australian holders	4,133	411,375,657
Overseas holders	314	461,364,297
	4,447	**872,739,954**

ASX ADDITIONAL INFORMATION (CONTINUED)

ESCROW SHARES

As at the date of this report the following shares are held in escrow in accordance with ASX requirements of Reinstatement on the ASX on 30 December 2015.

Escrow period	Securities in escrow
30-Dec 2017	246,874,939
17-Dec 2017	20,447,875

VOTING RIGHTS

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

SUBSTANTIAL SHAREHOLDERS AS AT 27 SEPTEMBER 2017

		No. of Shares Held	% Held
1	David McLauchlan	137,810,154	15.79
2	Jeffrey MacDuff	77,095,658	8.83

<u>UNQUOTED SECURITIES</u>

OPTIONS

The Company has the following classes of options on issue at 27 September 2017 as detailed below. Options do not carry any rights to vote.

Class		Terms	No. of Options
1. Unquoted	(Replacement Options)	Exercisable at 10c expiring 17-Dec 2020	2,806,647

Name	Options	%
Shawn Burke	1,461,801	52.06
Christian Csar	739,143	26.33

Escrow period	Securities in escrow
30-Dec 2017	402,479
30-Dec 2016	2,404,168

Class		Terms	No. of Options
2. Unquoted	(Capital Raising Options)	Exercisable at 12.5c expiring 30-Nov 2017	40,000,000

Name	Options	%
LSAF Holdings Pty Ltd	19,000,000	47.5
Equity Capital Aust Pty Ltd	19,000,000	47.5

Escrow period	Securities in escrow

30-Dec 2017	40,000,000

3. Unquoted	(Capital Raising Options)	Exercisable at 3c expiring 30-Dec 2017	12,500,000

Name	**Options**	**%**
LSAF Holdings Pty Ltd	7,500,000	60
Equity Capital Aust Pty Ltd	5,000,000	40

Escrow period	**Securities in escrow**
30-Dec 2017	12,500,000

PERFORMANCE RIGHTS

As at 27 September 2017 the Company had 8,274,604 Performance Rights which do not carry any voting rights.

Name	**Options**	**%**
Shawn Burke	5,728,948	69

Escrow period	**Securities in escrow**
30-Dec 2017	8,274,604

PERFORMANCE SHARES

As at 27 September 2017 the Company had 63,666,667 Performance Shares which do not carry any voting rights.

Name	**Options**	**%**
David McLauchlan	44,333,333	69.6

Escrow period	**Securities in escrow**
30-Dec 2017	63,666,667

EMPLOYEE INCENTIVE PERFORMANCE RIGHTS

As at 27 September 2017 the Company had 34,062,917 Employee Incentive Performance Rights which do not carry any voting rights.

Name	**Options**	**%**
Richard Jacroux	8,000,000	23.5

Buddy has used the cash and assets in a form readily converted to cash that it had at the time of admission in a way consistent with its objectives. ASXLR4.10.19