Tech Mpire Limited ABN 88 156 377 141
Suite 10, 16 Brodie Hall Drive
Bentley WA Australia 6102
+61 08 9473 2500
www.techmpire.com

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2017

Reporting period

Current reporting period:	Year ended 30 June 2017
Previous reporting period:	Year ended 30 June 2016

Results for announcement to the market

				$		$
Revenue from ordinary activities	up	15%	to	**37,025,141**	from	32,123,476
Profit / (Loss) from ordinary activities after tax attributable to members	up	111%	to	**417,206**	from	(3,646,565)
Net loss for the period attributable to members	down	99%	to	**(46,898)**	from	(3,393,394)

Dividends

The Company does not propose to pay a dividend and there is no re-investment plan in operation.

Net tangible assets per security

	30 June 2017	**30 June 2016**
	$	**$**
Net tangible assets	**8,170,084**	7,994,086
Number of ordinary shares on issue at balance date	**65,807,669**	65,741,001
Net tangible assets per security	**0.12**	0.12

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2017 Financial Report.

2017 ANNUAL REPORT

TechMpire

DIRECTORS

Mr Stephen Belben
Non-Executive Chairman

Mr Lee Hunter
Managing Director and Chief Executive Officer

Mr Mathew Ratty
Non-Executive Director

Mr Renaud Besnard
Non-Executive Director

COMPANY SECRETARIES

Ms Clare Madelin
Mr Timothy Allison

PRINCIPAL AND REGISTERED OFFICE

Suite 10, 16 Brodie Hall Drive
Bentley WA 6102
Telephone: +61 8 9473 2500
Facsimile: +61 8 9473 2501

SHARE REGISTER

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

SECURITIES EXCHANGE LISTING

Tech Mpire Limited shares are listed
on the Australian Securities Exchange
(ASX: TMP)

SOLICITORS

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

BANKERS

Commonwealth Bank of Australia Limited
150 St Georges Terrace
Perth WA 6000

AUDITORS

Ernst & Young
The EY Building
11 Mounts Bay Road
Perth WA 6000

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INVESTOR HIGHLIGHTS

Tech Mpire achieved an annual profit, along with continued revenue growth, in FY17. A strong balance sheet positions us well to scale the business in FY18.

High growth addressable markets: Performance advertising (incorporating our cost-per-install model) and mobile marketing.

nxus

Proprietary marketing platform, nxus, provides highly scalable competitive advantage, leveraging big data, automation and analytics.

Global client base including some of the world's biggest brands and mobile apps.

Strong organic growth outlook driven by competitive advantage in high growth markets and focused growth strategies.

Strong board and management led by CEO, Lee Hunter, with 10 years of global adtech experience at giants YouTube and Google.

WHAT WE DO

Tech Mpire helps some of the biggest brands get new high-value app users wherever they are in the digital world.

We deliver cost-per-install advertising meaning the advertiser only pays when a user installs their app. Leveraging our proprietary platform, nxus, we:

Provide superior ROI on ad spend for our clients through real-time automation and optimisation;

Build long-term trust with our sophisticated quality assurance tools and reporting;

Enable advertisers to quickly scale their campaigns to acquire new users fast.

Cost per install (CPI) pricing is very attractive to advertisers as fees are paid only when a user downloads the advertised app.

Relative to other pricing models, CPI represents low risk and minimal effort for the advertiser. Additionally, advertisers can maximise return on investment (ROI) under the CPI pricing model, motivating them to increase budgets over time.

Historically, the challenge for CPI providers (like Tech Mpire) has been the difficulty of aggregating sufficient CPI traffic sources (supply). nxus helps bring CPI sources together to maximise ROI and drive scalability for our advertisers' user acquisition strategies.

CPM
(Cost per Impression)
Advertiser pays when ad is displayed to user.

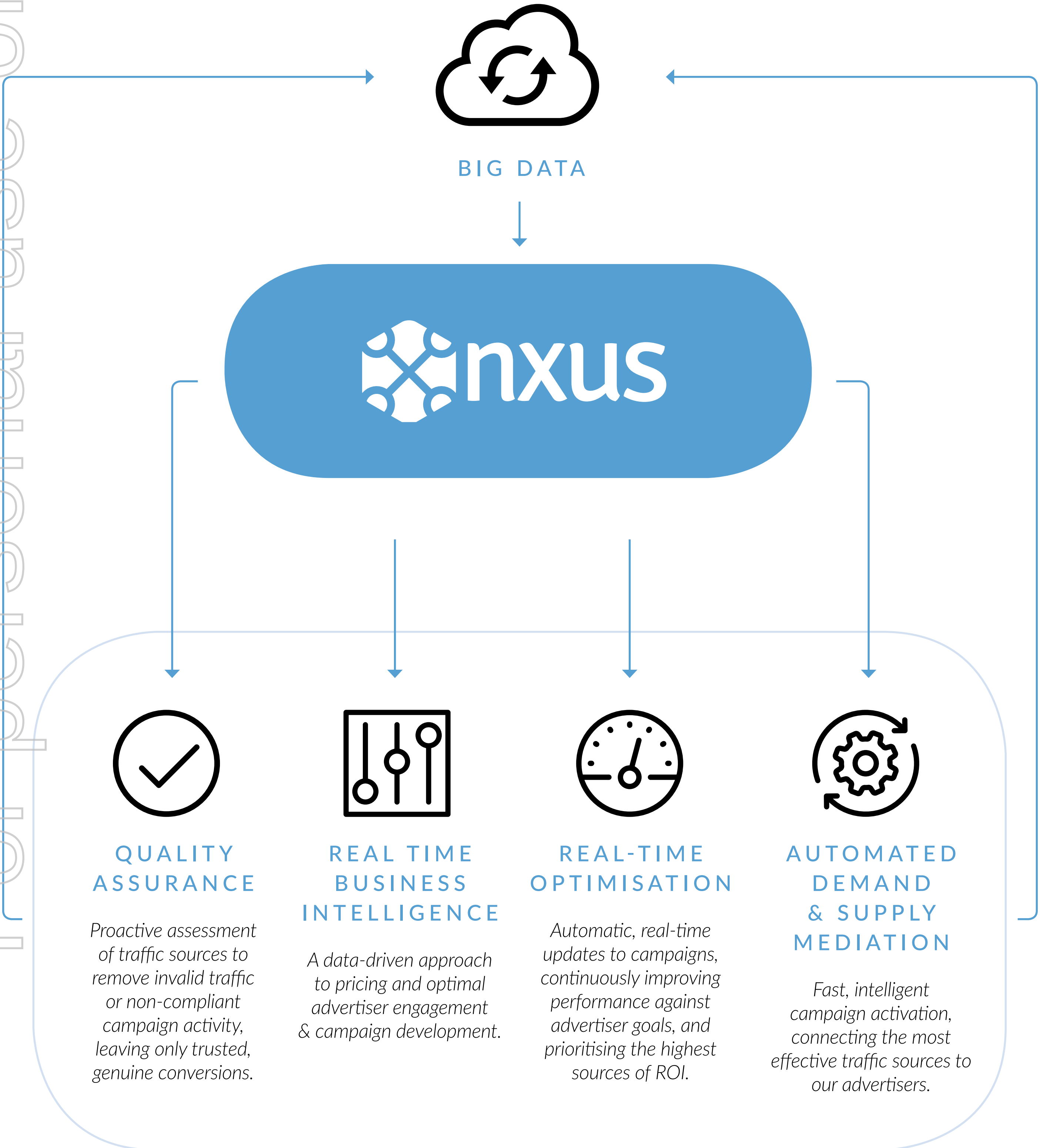
CPC
(Cost per Click)
Advertiser pays when user clicks on ad.

CPI (COST PER INSTALL)
Advertiser only pays when a user installs their app.

COMPETITIVE ADVANTAGE: NXUS

nxus provides a significant competitive advantage through automation and data-driven optimisation.

It finds potential app users by aggregating thousands of sources of web traffic, all working to find new users and generate installs. nxus optimises and scales the performance of these traffic sources across our advertisers' campaigns, always working to deliver the highest quality traffic and generate ROI, for both the advertiser and Tech Mpire.



STRONG REVENUE & GROWTH OUTLOOK

$37,025,141
REVENUE UP 15%

$8,126,266
WORKING CAPITAL UP 3%

$779,811
NET PROFIT BEFORE TAX

$8,202,204
CASH UP 46%

Revenue growth expected to continue, driven by:

Growth of global cost-per-install advertising budgets and mobile marketing;

Expansion into Asia Pacific markets;

Rollout of scalable technology delivering competitive advantage and increased margins;

Strategic business development to complement competitive advantage, targeting high-value brands, and further diversifying across verticals, regions and seasonality.

HIGH GROWTH ADDRESSABLE MARKETS

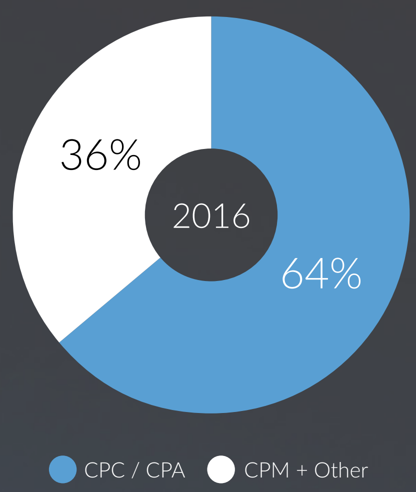
Tech Mpire is perfectly positioned to capitalise on the opportunity created by the growth in performance advertising (the pricing model advertisers use to buy media) and mobile marketing (where they buy it).

Budgets are moving to performance advertising due to superior ROI and advertising effectiveness.

The size of the US performance advertising market was $47 billion in 2016, representing 64% of online advertising revenue.

US internet Advertising Revenue by Pricing Model, 2016

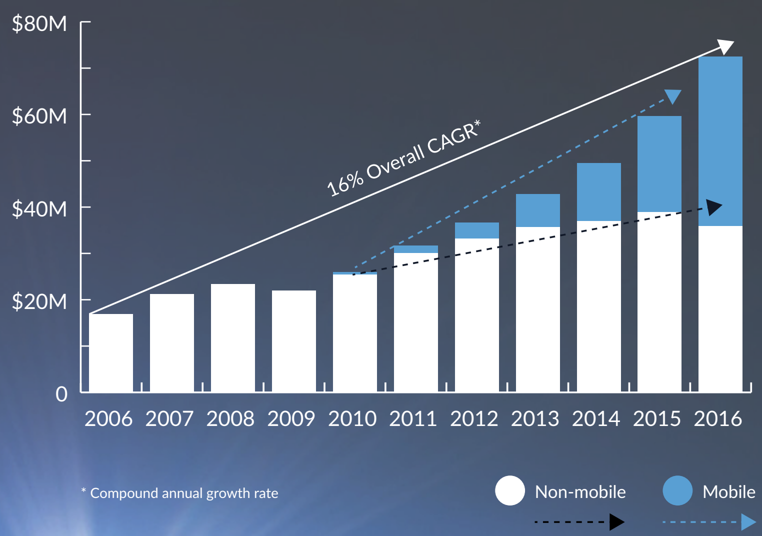
Total value US$72.5B



Mobile is driving overall internet advertising revenue, increasing by 48% in 2016.

The global mobile advertising market is estimated to be $215 billion by 2021. This will represent 72% of total online advertising revenue.

US internet advertising revenue by platform 2006-2016



* Compound annual growth rate

PwC /IAB internet advertising revenue report, 2016

OPERATIONAL HIGHLIGHTS

2,000,000,000,000
DATA POINTS

2 trillion data points processed driving superior advertising campaign performance.

26,496,608 48%▲
APP INSTALLS

26.49 million conversions/app installs, up 48% on FY16.

833,401,333
MOBILE USERS DAILY

Potential daily reach to over half a billion mobile users.

27% ▲
INCREASE IN REVENUE PER CLIENT

Revenue per client increase represents our ability to delight our client base of top tier brands and app developers.

2,500,000+
BLOCKED INVALID CONVERSIONS

Tech Mpire's quality measures blocked over 2.5 million invalid conversions from reaching our advertisers.

The next phase of Tech Mpire's growth is built on three growth strategies.

1 ACCELERATING OUR FOUR TECHNOLOGY PILLARS

In April, we released our technology strategy designed to enable global growth. We are continuing the development of nxus to meet the market opportunity, investing in technology supporting our 4 pillars:

*Investment in **big data** analytics and automation to improve the efficiency, quality and profitability of our advertiser campaigns. This is the foundation for all of our technology.*

***Accessing higher-volume sources of supply**, allowing us to better satisfy the significant global demand.*

***Strengthening our mobile business**, by providing better audience data and easier engagement for mobile advertisers.*

*The continued evolution of our **quality assurance measures** to eliminate invalid traffic and improve the ROI for our clients and partners.*

2 EXPANSION INTO ASIA PACIFIC

The next phase of Tech Mpire's regional growth will be in Asia Pacific, as the region continues to dominate the app world.

Our technology and global reach position us extremely well to tap into this explosive growth. Our Asia Pacific strategy is focused on export marketing, targeting app developers who are looking beyond their home countries, seeking to acquire new users around the world. nxus' scalable technology will allow us to expand into Asia Pacific efficiently and cost-effectively, focusing on satellite offices with lean business development teams securing clients throughout the region.

33% of the world's app developers are from Asia, with the region also reporting the highest rate of growth (Statista, 2017).

Mobile Internet advertising is forecast to grow in Asia Pacific at a 22.2% CAGR in the five years to 2020 (PWC, 2016).

60% of mobile game spending in 2016 occurred in Asia Pacific (IDC, 2017).

China accounted for nearly half of the iOS App Store's annual growth in 2016 (AppAnnie, 2017).

3 TARGETING HIGHER-VALUE CLIENTS

With the developments to our supply sources, technology, and management team, we are now in a position to pursue top-tier clients in a more diverse mix of verticals and regions.

Tech Mpire remains focused on tier 1 brands and apps that are looking to grow their user bases on a large scale. The companies we target are well funded, investing heavily and continuously in global user acquisition for their apps.

Building a more diverse mix of clients is expected to result in:

Broader market appeal for Tech Mpire across diverse app categories and CPI supply sources

Greater revenue potential through a more strategic approach to business development and the ability to extend our offering across verticals

Reduced exposure to vertical specific risk or seasonality

CHAIRMAN'S LETTER

Stephen Belben
Non-Executive Chairman

Dear shareholders,

On behalf of the Tech Mpire board, I am pleased to provide our Annual Report for 2017, another year of positive momentum for the Company.

Tech Mpire's dedication to driving value through innovation has helped the Company achieve a great deal this year, and poised us well to seize the opportunities that lay ahead.

Tech Mpire's growth strategy has been developed to build on our existing strengths and position us as leaders in ad tech innovation. In a time when ad fraud and brand-safety have, quite rightly, received such widespread attention, having confidence in online ad spend is a luxury few advertisers are afforded. This presents an opportunity for Tech Mpire and is the reason quality is at the heart of our technology strategy, remaining a strategic priority.

Throughout FY17, the pace of the development of nxus accelerated, facilitated by the growth in headcount of the data science and development teams towards the end of FY16. This enabled us to bring TrafficGuard to market in October which has been pivotal in building trust with our top-tier clients. We have also made substantial headway in overall innovation under the guidance of Tech Mpire's 4 pillar technology strategy, encompassing:

1. Investment in big data analytics and automation
2. Accessing higher-volume sources of supply
3. Strengthening our mobile business
4. Continued evolution of quality assurance measures

Continuous innovation and our future orientated outlook, have positioned Tech Mpire at the meeting point of two huge growth markets - mobile advertising and performance-based advertising. In the 2016 calendar year, US mobile ad spend overtook desktop and was the driving force pushing US digital advertising ahead of television for the first time. Performance advertising, the payment model whereby fees are payable on actions as opposed to ad impressions, remains extremely popular accounting for over two thirds of online advertising revenue in the US.

Our ability to seize new opportunities and grow as a company is hinged on ensuring we have the right leadership in place, and on the structure of the business enabling progress and innovation. Over the period, we realigned key functions of the business and this has resulted in a new level of business maturity and a solid base for further growth.

We are looking forward to extending our geographic reach in FY18 with a sales-focused presence in Asia-Pacific. This will allow us to take advantage of the tremendous growth potential in APAC and in the surrounding areas that were previously difficult to service from our North American office. Tech Mpire's APAC expansion, coupled with further investment in technology, will continue to deliver superior performance to advertisers, partners and shareholders.

At the beginning of FY18, we were pleased to welcome Renaud Besnard to the Tech Mpire Board. As the current Director of Marketing for Uber in APAC (excl. India), Renaud's knowledge and experience will be particularly relevant as we expand our presence in the region.

I would like to take this opportunity to extend the Board's sincere appreciation to Tech Mpire founder, Luke Taylor. His leadership as CEO was invaluable as Tech Mpire grew from a tech start-up to the profitable, ASX listed Company it is today. I am pleased that he remains heavily involved with driving innovation at Tech Mpire in the capacity of Chief Technology Officer.

I would like to extend my appreciation to the entire Tech Mpire Board for their guidance and commitment, including Patrick O'Connor who resigned from his role as non-executive director in FY17.

On behalf of the board, I would also like to thank Chief Executive Officer, Lee Hunter, and the entire team, for their dedication to growing the Company and strengthening its global position. Under the leadership of Lee and Tech Mpire's executive management team, I am confident the Company will continue to deliver against our long-term growth strategy.

Thank you for providing your support as shareholders during FY17. We look forward to sharing our continued success with you over the next 12 months.

Yours sincerely,

Stephen Belben
Non-Executive Chairman

CEO'S REPORT

Lee Hunter
Chief Executive Officer

Dear shareholders,

I am delighted to present our Annual Report for the 2017 financial year. FY17 has been a noteworthy year for Tech Mpire as we continued to grow revenue, traded profitably generating positive cash-flows, and built the foundations to scale the business globally.

STRONG FOUNDATIONS FOR FUTURE SUCCESS

Annual revenue growth of 15% and our ability to achieve an annual profit while also investing heavily in the business, are strong indicators of the Company's FY17 success. Having grown our strategic resources and cash reserves, we're now positioned to scale Tech Mpire aggressively in FY18.

Over the course of the year, both the business operations and our technology platform, nxus, have become more sophisticated, helping us deliver our world-class offering to our growing client base.

Tech Mpire took a leadership position as one of the first companies to address the industry's desire for greater transparency and trust. Development of invalid-traffic detection technology started towards the end of FY16, resulting in the launch of TrafficGuard in early FY17. TrafficGuard has given our clients confidence that their campaigns deliver real, flesh and blood consumers, and has been very appealing to top-tier advertisers.

Launching TrafficGuard was a significant milestone for Tech Mpire as we continued to build our reputation on quality and trust while many competitors ignored the call for greater transparency. Tech Mpire's superior quality will help us attract larger shares of advertising budgets and attract new high-calibre advertisers.

In FY17, demand for our performance-based advertising outstripped supply. Recognising this throughout the course of the year, we made solid progress in improving supply volume and quality as demonstrated by TrafficGuard. Development of innovative ways to access and scale new sources of high-quality supply remains the highest priority in order for Tech Mpire to satisfy this demand.

In addition to the progress made by the team to grow the business operations and the functionality of nxus, we were also proud to be recognised for our success on a national level. Tech Mpire featured in The Australian Financial Review's Fast Starters list (2nd), along with Deloitte's Technology Fast 50 AU (4th) and Fast 500 APAC (17th).

GROWING THE MOBILE MPIRE

Our FY17 success has positioned Tech Mpire to scale globally and achieve sustainable future annual revenue growth.

Tech Mpire developed nxus with mobile advertising front and centre and as a result, we work with some of the biggest apps and brands in the world. Our competitive advantage rests on our ability to provide advertisers superior ROI, quality and global advertising scalability. Revenue growth and profit will be delivered through our strengthened competitive advantage, and our ability to capitalise on booming demand in Asia-Pacific.

Tech Driven Competitive Advantage

Entering FY18, our technology team will continue to build the functionality of nxus, with a particular focus on improving the volumes of quality supply. Access to high volumes of quality supply is critical to capitalising on the sustained, long-term demand we are already experiencing.

Driving improvements in traffic quality, supply volumes, and the way we use data to drive overall performance will ultimately stand to enhance Tech Mpire's competitive advantage, increasing revenue and profitability.

HAVING GROWN OUR STRATEGIC RESOURCES AND CASH RESERVES, WE'RE NOW POSITIONED TO SCALE TECH MPIRE AGGRESSIVELY IN FY18.

Accelerated development throughout FY17 boosted the capability of nxus, allowing us to provide superior service to our growing client base via our scalable platform. In its current capacity, nxus is able to support Tech Mpire's ambitious growth objectives, including international expansion. We will continue to iterate and accelerate our development of nxus, utilising our existing resources.

Under the leadership of Tech Mpire founder and Chief Technology Officer, Luke Taylor, the technology and data science teams, along with nxus, are stronger and more focused than ever.

Asia-Pacific Expansion

The Asia-Pacific region (APAC) presents a significant growth opportunity for Tech Mpire. Compared to our current primary market, North America, users from many countries in APAC exhibit higher tendencies to shop via mobile devices[1], they spend more money on mobile gaming[2], and they use a greater number of mobile apps[3].

The APAC mobile advertising market isn't as mature as that of North America, meaning that despite already substantial mobile advertising industry revenue, there is still significant room for further growth. Mobile internet advertising in APAC has been forecast to increase at a compound annual growth rate (CAGR) of 22.2% for the 5 years to 2020, reaching US$16.97 billion (vs North America's 17.5% CAGR)[4].

Establishing a presence in APAC ensures that Tech Mpire is available each business day in every global time zone. Our client-facing operation in APAC is likely to launch within the first half of the 2018 financial year to take advantage of the substantial opportunity the region presents.

ACKNOWLEDGEMENTS

Many supporters have played important roles in Tech Mpire's progress to date and preparing the Company for its next phase of growth. I would like to express my gratitude to all members of the Board, past and present, for their guidance and support throughout the year. I would also like to thank our global team whose dedication shines through in everything we have been able to accomplish over the last 12 months.

On a personal level, I'm looking forward to spending the next 12 months meeting with clients and partners to highlight our technology, grow our revenues and execute on the vision we've laid out. During my time in Google and YouTube as a client for the types of services and technology that Tech Mpire offers, I know what a powerful and compelling offering we have. I'm excited by the opportunity to introduce Tech Mpire to the global market, and show them what we can do.

FY18 is set to be a milestone year for Tech Mpire as we build on the foundations established in FY17 to launch our next phase of growth. I am thrilled to be a part of Tech Mpire's growth story and grateful to you, our shareholders, for your continued support.

Yours sincerely,

Lee Hunter
Chief Executive Officer

[1] Understanding Digital Commerce in the US & China, IAB 2016
[2] Gaming Spotlight, 2016 Review, App Annie & IDC 2016
[3] Five ways that Asia-Pacific countries lead the west in Apps, eMarketer 2017
[4] Global Media Outlook 2015, PwC 2016

The directors present their report together with the financial report of Tech Mpire Limited (Tech Mpire or Company) and its controlled entities (collectively referred to as the Group) for the financial year ended 30 June 2017 and the independent auditor's report thereon.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless stated otherwise.

Mr Stephen Belben

Non-Executive Chairman

Mr Belben has 21 years' experience in both executive and non-executive director roles, at a number of public and private companies. This experience follows 9 years as a senior partner at Ernst & Young, specialising in corporate and assurance work in Western Australia. Whilst at Ernst & Young, Mr Belben was appointed the national partner in charge of the firm's Minerals and Energy Industry Group responsible for the development of a major client base in that sector in Australia.

During the last three years, Mr Belben served as a director of Xceed Resources Limited (removed from the official list on 26 February 2014 following the completion of a merger by scheme of arrangement with a JSE listed company).

Mr Belben is a Chartered Accountant and holds a Bachelor of Accountancy degree and a Bachelor of Commerce Honours degree.

Mr Lee Hunter

Managing Director and Chief Executive Officer

Appointed as a Non-Executive Director on 16 February 2017, appointed as Managing Director and Chief Executive Officer on 15 May 2017

Mr Hunter is a former senior Google executive, most recently serving as the Head of Marketing Strategy & Innovation for Google Asia-Pacific, where he was responsible for incubating and launching innovative strategies for the company's key business priorities across the Asia-Pacific region. He also served as Head of Advertiser Acquisition & Growth Marketing for Google UK and Ireland, where he was tasked with running the Google AdWords advertiser acquisition strategy which resulted in the company consistently exceeding targets in Europe's largest market.

Mr Hunter also spent several years at YouTube, most recently as Global Head of Brand & Creative, where he led many of the online video channel's biggest entertainment initiatives including the YouTube Music Awards and the YouTube Rewind 2012 and 2013 campaigns, as well as spearheading branding and creative development. Mr Hunter was Head of Consumer Marketing across EMEA for YouTube and has also held senior roles at Deutsche Bank and AMP Financial Services.

During the last three years, Mr Hunter has not served as a director of any other ASX listed company.

Mr Hunter holds a Masters in Marketing, a Graduate Certificate in Applied Finance & Investments, a Bachelor of Arts and a Diploma of Financial Services.

Mr Mathew Ratty

Non-Executive Director

Appointed on 16 February 2017

Mr Ratty is an experienced investor focused on Australian and US equity and debt markets. He has extensive experience across capital raising advice, seed investment negotiation, corporate strategy and financial modelling.

He is the co-founder of MC Management Group Pty Ltd, a venture capital firm operating in domestic and international debt and equity markets, who are a substantial shareholder the Company. At MC Management, Mr Ratty also holds the role of Head of Investment and is responsible for negotiating deal structures and asset pricing for companies in the healthcare, financials and technology space.

Prior to this, Mr Ratty was a director and analyst at property development and equity company, Gladstone Bridge.

Mr Ratty also serves as a Non-Executive Director of medical technology company, Admedus Limited (ASX: AHZ). During the last three years, he has not served as a director of any other ASX listed company.

Mr Ratty holds a Bachelor of Commerce (Property and Finance) with first class honours in finance from Curtin University of Technology.

Mr Renaud Besnard

Non-Executive Director

Appointed on 11 July 2017

Mr Besnard is currently the Director of Marketing for Asia-Pacific (excl. India) at Uber Technologies Inc., based in Singapore. In this role, Mr Besnard is responsible for the development of Uber's marketing strategy and its execution across the region. At Uber, Mr Besnard has seen success in rapidly growing usage across the product portfolio and launching brand reputation initiatives, while nurturing a world-class marketing team throughout Asia-Pacific.

DIRECTORS (CONTINUED)

Prior to joining Uber in 2016, Mr Besnard was a long-standing Google executive, having spent almost 10 years in senior positions in Europe and Asia. Mr Besnard notably accelerated small and medium business customer acquisitions, and then led Google's advertising product marketing strategy for Europe, Middle-East, and Africa. Amongst many roles at Google, he also led consumer and monetisation marketing across Southeast Asia including must-win, high-growth "next Billion users" markets, with particular focus on Google Search and YouTube.

During the last three years, Mr Besnard has not served as a director of any other ASX listed company.

Mr Besnard holds a Bachelor degree in Commerce from ESSCA Business School (France), a Masters in International Business from the University of Manchester (UK) and an MBA from the University of Oxford (UK).

Mr Patrick O'Connor

Resigned as Non-Executive Director on 24 February 2017 (appointed on 26 July 2016)

Mr O'Connor has almost 30 years' experience in both executive and non-executive director roles, spanning a variety of industries. Mr O'Connor has been instrumental in the development, implementation and monitoring of effective business strategies at a number of public, private and government owned organisations.

He has extensive leadership skills and wide experience in communicating with capital markets, shareholders and media.

During the last three years Mr O'Connor served as a director of the following listed companies:

- Stanmore Coal Limited (currently holds the position of non-executive director)
- Optiscan Imaging Limited (resigned on 12 April 2016)
- Buccaneer Energy Limited (resigned on 13 March 2015 and removed from the official list on 31 August 2015)
- TFS Corporation Limited (resigned on 15 December 2014)
- Xceed Resources Limited (removed from the official list on 26 February 2014 following the completion of a merger by scheme of arrangement)
- Perilya Limited (removed from the official list on 19 December 2013 following the completion of a merger by scheme of arrangement)

Mr O'Connor holds a Bachelor of Commerce degree, has completed the Stanford University Executive Program and is a Fellow of the Australian Institute of Company Directors.

Mr Luke Taylor

Resigned as Managing Director on 15 May 2017 (and was appointed Chief Technology Officer on that date)

Mr Taylor has over 12 years of experience in digital marketing, internet and mobile technology businesses. Mr Taylor's experience includes developing and managing the technological and creative aspects of start-up businesses, managing multifunctional teams both directly and remotely, and overseeing international expansion.

During the last three years, Mr Taylor has not been a director of any other listed companies.

Mr Taylor holds a Diploma of Computer Animation & Graphics, Diploma of Screen (Digital Film) and a Certificate III Multimedia Production.

Mr Zhenya Tsvetnenko

Resigned as Non-Executive Director on 25 July 2016

Mr Tsvetnenko has over 8 years' experience in internet marketing. Mr Tsvetnenko was awarded the prestigious Ernst & Young, Entrepreneur of the Year (young category) in 2010 and the Western Australian Business News 40 under 40 in 2011.

During the last three years, Mr Tsvetnenko has been a director of DigitalX Limited (resigned on 25 July 2016).

INTERESTS IN THE SECURITIES OF THE COMPANY AND RELATED BODIES CORPORATE

As at 30 June 2017 and as of the date of this report, the interests of the directors in the securities of the Company were as follows:

	As at 30 June 2017		As at the date of this report	
	Ordinary shares	Share options	Ordinary shares	Share options
S. Belben	200,000	500,000	200,000	500,000
L. Hunter	146,000	500,000	146,000	500,000
M. Ratty	6,551,676	7,000,000	6,551,676	7,000,000
R. Besnard (appointed on 11 July 2017)	-	-	-	-

COMPANY SECRETARY

The position of company secretary is held jointly by Ms Clare Madelin and Mr Timothy Allison.

Ms Madelin is a Chartered Accountant with over 30 years' of experience.

Mr Allison was appointed as joint company secretary on 28 March 2017. Mr Allison is a Chartered Accountant with over 7 years' of experience.

Ms Fiona Muir resigned from the position of joint company secretary on 28 March 2017. Ms Muir is a Chartered Accountant with over 15 years' of experience.

DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

PRINCIPAL ACTIVITIES

The Group leverages its global network of online media partners to enable brands to advertise to their target audiences online. This service is provided on a performance basis where the Group only charges clients if a predefined result is achieved (referred to as a "conversion"). Conversions are measurable goals such as subscription for a service, sale of a product, installation of software and mobile apps, registration of a customer, or some other quantifiable target.

The Group also develops nxus®, the platform upon which its entire network operates. nxus® is a scalable and comprehensive network platform developed to drive revenue, measure conversions and optimise digital ad spend of the Group's advertiser clients.

OPERATING AND FINANCIAL REVIEW

A summary of the operating results achieved by the Group is set out below:

	2017[1] $	2016 $	2015[2] $
Revenue[3]	**37,025,141**	32,123,476	11,849,518
Cost of services rendered	**(28,014,267)**	(24,895,438)	(9,890,720)
Gross profit / (loss)[3]	**9,010,874**	7,228,038	1,958,798
Gross margin %	**24.3%**	22.5%	16.5%
Other income	**208,484**	359,585	151,555
Overheads[3]	**(8,224,106)**	(6,695,194)	(3,910,285)
	995,252	892,429	(1,799,932)
Other expenses[4]	**(215,441)**	(4,280,938)	(8,473,365)
Profit / (Loss) before income tax	**779,811**	(3,388,509)	(10,273,297)

Notes:

1 The 2017 financial year was the Group's second full year of trading after completing a $6 million capital raising in June 2015 and being readmitted to quotation on the Australian Securities Exchange in July 2015.

2 The financial information provided for FY 2015 comprises the operating results of the Livelynk group of companies (Livelynk Group Pty, Mpire Media Pty Ltd and Mpire Network Inc). This financial information excludes the operating results of Tech Mpire Limited due to the fact that the deemed reverse acquisition of Tech Mpire Limited by the Livelynk group of companies completed on 29 June 2015.

3 The 15% increase in revenue and 25% increase in gross profit in FY 2017 compared to FY 2016 resulted from an increased focus on business development, as well as efficiencies achieved through technology development and business operations. The most significant component of the increase in overheads in FY 2017 from FY 2016 is employment costs, due to the expansion of the marketing and development teams.

4 Other expenses are shown in the table below. The costs for FY15 and FY16 are not regarded as being ongoing operational costs as they arose primarily in connection with the restructure of the group which was completed 29 June 2015.

	2017 $	2016 $	2015 $
Share based payments (non-cash)	**(215,441)**	(4,250,454)	-
Corporate transaction costs	**-**	(30,484)	(1,817,674)
Excess consideration on reverse acquisition	**-**	-	(6,167,441)
Reversal of prior period sale	**-**	-	(488,250)
	(215,441)	(4,280,938)	(8,473,365)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

A summary of the Group's financial position at year end is set out below:

	2017 $	2016 $	2015 $
Current Assets	**11,871,066**	10,130,088	10,450,899
Non-Current Assets	**176,786**	216,690	104,947
Total Assets	**12,047,852**	10,346,778	10,555,846
Current Liabilities	**3,744,800**	2,235,943	3,367,528
Non-Current Liabilities	**98,968**	75,294	63,837
Total Liabilities	**3,843,768**	2,311,237	3,431,365
Net Assets	**8,204,084**	8,035,541	7,124,481

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs during the course of the 2017 financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Board has confirmed that the Class B Performance Rights vested on 29 June 2017. The 7,500,000 performance rights will be converted to shares subsequent to the date of this report. The cost has already been fully expensed in FY16. For further details refer to Notes 16 and 21.

No other event has arisen since 30 June 2017 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

LIKELY DEVELOPMENTS AND EXPECTED FUTURE RESULTS

The Group has recently published an Investor Presentation to the ASX on the 7 June 2017 titled "Driving Global Growth Through Technology". This document outlines three growth strategies, focused on 1) the continued development of our technology, 2) our expansion into Asia Pacific, and 3) our efforts to secure large, high-value clients. The expected future results of these growth strategies are increased revenue, improved and sustainable profitability and being operating cash flow positive for the full FY18.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or specific environmental regulation in any of the jurisdictions in which it operates and therefore is not required to present further details in relation to environmental regulation.

SHARE OPTIONS

Unissued shares

As at 30 June 2017 and the date of this report, there were 8,500,000 unissued ordinary shares under options.

Expiry date	Exercise price	Number on issue
29 June 2018[1]	$0.50	7,000,000
30 March 2020	$0.45	1,500,000
		8,500,000

[1] includes 500,000 options that are escrowed until 7 July 2017

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year no options have been exercised to acquire ordinary shares (2016: 200,000).

PERFORMANCE RIGHTS

Unissued shares

As at 30 June 2017 and the date of this report, there were 7,533,332 unissued ordinary shares under performance rights. 7,500,000 performance rights vested 29 June 2017 and will be converted to shares subsequent to the date of this report. 33,332 performance rights have not yet vested. Refer to the remuneration report and Note 16 for further details of the performance rights outstanding.

Holders of performance rights do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the conversion of performance rights

During the financial year 33,334 performance rights were converted into ordinary shares (2016: 5,000,000).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of directors held by the Company during the year and the number of meetings attended by each director were as follows:

Number of meetings held: 16

	Number of meetings eligible to attend	Number of meetings attended
S. Belben	16	16
L. Hunter	4	4
M. Ratty	4	4
L. Taylor	15	15
P. O'Connor	10	10
Z. Tsvetnenko	1	1

Committee Membership

Due to the Company's relatively small size and board structure, separate Remuneration and Audit Committees have not been constituted. The full board of directors assumes responsibility for any such matters as outlined in the Company's corporate governance plan.

NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, Ernst & Young Australia, during the year and Ernst & Young Australia received or is due to receive the following amounts for the provision of such services:

	$
Tax advice services	53,719

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means the auditor's independence was not compromised.

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst & Young Australia, to provide the directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The directors received the Independence Declaration set out on page 31 for the year ended 30 June 2017.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth), as amended (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Remuneration outcomes
4. Executive contracts
5. Additional disclosures relating to performance rights, options and shares
6. Other transactions and balances with key management personnel and their related parties

REMUNERATION REPORT (AUDITED) (CONTINUED)

1. Introduction

The 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the parent entity.

The table below outlines the KMP of the Group during the financial year ended 30 June 2017. Unless otherwise indicated, the individuals were KMP for the entire financial year.

For the purposes of this report, the term "executive" indicates the executive directors and senior executives of the Group.

(i) Non-Executive Directors (NEDs)	
S. Belben	*Non-Executive Chairman*
L. Hunter (appointed on 16 February 2017, changed to executive director 15 May 2017)	*Non-Executive Director*
M. Ratty (appointed on 16 February 2017)	*Non-Executive Director*
P. O'Connor (appointed on 25 July 2016, resigned on 24 February 2017)	*Non-Executive Director*
Z. Tsvetnenko (resigned on 25 July 2016)	*Non-Executive Director*

(ii) Executive Directors	
L. Hunter (appointed on 15 May 2017, previously non-executive director)	*Managing Director and Chief Executive Officer*
L. Taylor (resigned on 15 May 2017 and changed to senior executive)	*Managing Director and Chief Executive Officer*

(iii) Senior Executives	
L. Taylor (appointed 15 May 17, previously executive director)	*Chief Technology Officer*
J. Botnick	*Managing Director of Mpire Network Inc*
C. Madelin	*Chief Financial Officer and joint Company Secretary*

The table below sets out the performance of the Company and the consequences of performance on shareholders' wealth since the Company re-listed after the reverse takeover on 29 June 2015. As at 30 June 2015 the shares were suspended from trading. They were reinstated to official quotation on 7 July 2015. The closing quoted price of ordinary shares on this date was $0.420.

	2017	2016
Quoted price of ordinary shares at period end (dollars)	0.350	0.355
Basic earnings / (loss) per share (cents)	0.6	(6.0)
Dividends paid	-	-

2. Remuneration governance

2(a) Remuneration philosophy

The performance of the Group depends upon the quality of the directors and executives. The philosophy of the Group in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

2(b) Remuneration committee

The current size of the Group and structure of the board of directors does not warrant a separate remuneration committee. The board of directors as a whole (Board) is currently responsible for determining and reviewing compensation arrangements for directors and executives. Directors are excluded from discussions and voting on their own remuneration arrangements.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

REMUNERATION REPORT (AUDITED) (CONTINUED)

2(c) Remuneration structure: non-executive director remuneration

Fixed remuneration

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

The Board seeks to set aggregate remuneration of non-executive directors at a level that provides the Group with the ability to attract and retain high calibre directors, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration set pursuant to Tech Mpire Limited's constitution is $250,000 per year, which may be varied by shareholders in general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board does not currently seek external remuneration advice.

Each director receives a fee for being a director of the Company.

Options

In addition to fees, the non-executive directors in office at 26 May 2017 received options, the issue of which was approved by shareholders on that date. The strike price of options was determined so as to ensure that the options only have value if there is an increase in shareholder wealth over time. These options vested immediately. The purpose of the issue was to recognise work undertaken by the directors and to incentivise them further. Such options are outside the normal remuneration policy for directors.

1,000,000 options were issued to non-executive directors during the current year (2016: Nil).

2(d) Remuneration structure: executive director and senior executive remuneration

(i) Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- Reward executives;
- Align the interests of executives with those of shareholders;
- Link reward with strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

(ii) Principles of compensation

Compensation levels for employees of the Group are competitively set to attract and retain appropriately qualified and experienced senior executives. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance, relevant comparative information and expert advice.

(iii) Structure

Remuneration consists of the following key elements:

- Fixed Remuneration (base salary, superannuation and non-monetary benefits); and
- Variable Remuneration:
  - Short-term incentives
  - Long-term incentives

The Board establishes the proportion of fixed and variable remuneration for each executive.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The Board reviews fixed remuneration annually by reviewing the overall performance of the individual and of the Group.

Executives may be given the flexibility to receive their remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Variable remuneration – short-term incentive

The objective of short term incentives is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

From time to time cash bonuses (short-term incentives) are paid where an executive has met a short term objective of the Group. Such bonuses are paid when specific criteria are met which are set by the Board or when an executive has made contributions that are significant and beyond the normal expectations of their role.

Variable remuneration – long-term incentive

Long-term incentives are delivered in the form of options and performance rights.

Options

The strike price of options is determined so as to ensure that the options only have value if there is an increase in shareholder wealth over time. For each option granted, specific hurdles are provided which must be met before the options vest.

The executive director in office at 26 May 2017 received options, the issue of which was approved by shareholders on that date. The strike price of the options was determined so as to ensure that they only have value if there is an increase in shareholder wealth over time. These options vested immediately. The purpose of the issue was to recognise work undertaken by the director and to incentivise him further.

500,000 options were issued to executive directors during the current year (2016: Nil).

Performance rights

Performance rights are issued in accordance with the terms and conditions of the Tech Mpire Performance Rights Plan (Plan) that has been approved by the Company's shareholders.

Pursuant to the listing rules of the Australian Securities Exchange (Listing Rules), the Company's shareholders are required to re-approve the Plan and all unallocated performance rights issuable under it every three years.

The key features of the Plan are as follows:

- The Board will determine the number of performance rights to be granted to eligible employees and the vesting conditions and expiry date of the performance rights in its sole discretion.
- The vesting conditions may include one or more of (i) service to the Group of a minimum period of time (ii) achievement of specific performance conditions by the eligible employee and / or by the Group or (iii) such other performance conditions as the Board may determine. The Board determines whether vesting conditions have been met.
- The vesting conditions will have a milestone date as determined by the Board in its absolute discretion and the Board shall have discretion to extend a milestone date.
- If a vesting condition is not achieved by the earlier of the milestone date or the expiry date then the performance right will lapse. An unvested performance right will also lapse if the participant ceases to be an eligible employee for the purposes of the Plan by reason of resignation, termination for poor performance or termination for cause (unless the Board determines otherwise).
- Performance rights will not be listed for quotation. However, the Company will make application to the Australian Securities Exchange for official quotation of all shares issued on vesting of the performance rights within the period required by the Listing Rules.
- The performance rights are not transferable unless the Board determines otherwise or the transfer is required by law and the transfer complies with the Corporations Act.
- Where there is an event that the Board considers may result in a change of control of the Company (Change of Control Event), the Board may in its discretion determine that all or a specified number of the participant's performance rights vest or cease to be subject to restrictions (as applicable) although the Board may specify in an offer to a participant that a different treatment will apply if a Change of Control Event occurs.

Unless the Board determines otherwise, if a Change of Control Event occurs, any restrictions on dealing imposed on vested Performance Rights will cease to have effect.

2(e) Remuneration report approval at 2016 Annual General Meeting

The remuneration report of Tech Mpire Limited for the year ended 30 June 2016 was approved by shareholders at the 2016 AGM.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Remuneration outcomes

Remuneration of Key Management Personnel

		Short-term benefits			Post-employment	Long-term benefits	Share based payments			
		Salary & fees	Sales commission	Non-monetary benefits	Super-annuation	Long service leave	Performance rights	Options	Total	Performance related
		$	$	$	$	$	$	$	$	%
Non-executive directors										
S. Belben[1]	2017	60,099	-	-	5,709	-	-	65,519	131,327	50
	2016	23,769	-	-	2,258	-	-	-	26,027	-
L. Hunter[2]	2017	9,560	-	-	908	-	-	-	10,468	-
	2016	-	-	-	-	-	-	-	-	-
M. Ratty[3]	2017	14,835	-	-	1,409	-	-	65,519	81,763	80
	2016	-	-	-	-	-	-	-	-	-
P. O'Connor[4]	2017	23,692	-	-	2,251	-	-	-	25,943	-
	2016	-	-	-	-	-	-	-	-	-
Z. Tsvetnenko[5]	2017	2,954	-	-	246	-	-	-	3,200	-
	2016	47,016	-	-	4,466	-	2,039,418	-	2,090,900	98
D. Wates[6]	2017	-	-	-	-	-	-	-	-	-
	2016	40,308	-	-	3,829	-	-	-	44,137	-
Executive directors										
L. Hunter[2]	2017	36,393	-	-	3,457	61	-	65,519	105,430	62
	2016	-	-	-	-	-	-	-	-	-
L. Taylor[7,10,11]	2017	400,795	-	-	38,076	12,235	-	-	451,106	-
	2016	201,200	-	-	19,000	1,940	1,104,685	-	1,326,825	83
Total directors	2017	548,328	-	-	52,056	12,296	-	196,557	809,237	24
	2016	312,293	-	-	29,553	1,940	3,144,103	-	3,487,889	90
Senior executives										
L. Taylor[7]	2017	26,484	-	-	2,516	884	-	-	29,884	-
	2016	-	-	-	-	-	-	-	-	-
J. Botnick	2017	294,759	710,645	-	2,564	-	-	-	1,007,968	71
	2016	298,293	645,774	-	-	-	1,104,685	-	2,048,752	85
C. Madelin[8]	2017	201,669	-	-	19,159	(94)	-	-	220,734	-
	2016	79,269	-	-	7,531	94	-	-	86,894	-
F. Muir[9]	2017	-	-	-	-	-	-	-	-	-
	2016	125,051	-	-	11,880	618	-	-	137,549	-
Total senior executives	2017	522,912	710,645	-	24,239	790	-	-	1,258,586	56
	2016	502,613	645,774	-	19,411	712	1,104,685	-	2,273,195	77
Total	2017	1,071,240	710,645	-	76,295	13,086	-	196,557	2,067,823	44
	2016	814,906	645,774	-	48,964	2,652	4,248,788	-	5,761,084	85

REMUNERATION REPORT (AUDITED) (CONTINUED)

Notes

[1] Appointed as Non-Executive Chairman on 29 February 2016
[2] Appointed as Non-Executive Director on 16 February 2017 and as Managing Director on 15 May 2017
[3] Appointed as Non-Executive Director on 16 February 2017
[4] Appointed as Non-Executive Director on 25 July 2016 and resigned on 24 February 2017
[5] Resigned as Non-Executive Director on 25 July 2016
[6] Resigned as Non-Executive Chairman on 29 February 2016
[7] Resigned as Managing Director on 15 May 2017 and was appointed as Chief Technology Officer on that date
[8] Appointed as Chief Financial Officer and joint Company Secretary on 19 January 2016
[9] Went on maternity leave on 11 January 2016 and stepped down from the role of Chief Financial Officer with effect from that date
[10] Salary and fees for FY17 include additional payments arising on change of employment status from Chief Executive Officer to Chief Technical Officer and pay out of annual leave in the year.
[11] Salary and fees for the 2016 financial year includes a travel allowance of $1,200

4. Executive contracts

Remuneration arrangements for executives are formalised in the employment agreements. The following outlines the details of the contracts with executives:

Name:	Lee Hunter
Title:	*Managing Director and Chief Executive Officer*
Agreement commenced:	15 May 2017
Term of agreement:	To 30 June 2019
Details:	Annual base salary of $275,000 plus statutory superannuation. Performance based incentive - short term: A cash bonus of up to $50,000 may be paid at any time during the Term linked to KPI's to be approved by the Board. Performance based incentive - long term: 1,200,000 performance rights in the Company, subject to shareholder approval, with each right convertible into one share upon satisfaction of vesting conditions. The agreement may be terminated: • by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice; • by the Company on one months' notice if Mr Hunter is unable to perform his duties due to illness, accident or incapacitation, for two consecutive months or a period aggregating more than two months in any 12 month period; or • promptly following material breach or in the case of misconduct. Other industry standard provisions for a senior executive of a public listed company.

Name:	Luke Taylor
Title:	*Chief Technology Officer*
Agreement commenced:	15 May 2017
Term of agreement:	No fixed term.
Details:	Annual base salary of $200,000 plus statutory superannuation. A cash bonus may be paid at any time during the Term linked to KPI's to be approved by the Board. The agreement may be terminated: • by either party without cause with three months' notice, or in the case of the Company, immediately with payment in lieu of notice; • by the Company on one months' notice, if Mr Taylor is unable to perform his duties due to illness, accident or incapacitation, for two consecutive months or a period aggregating more than two months in any 12 month period; • promptly following material breach or in the case of misconduct. Other industry standard provisions for a senior executive of a public listed company.

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Executive contracts (continued)

Name:	**Jeffrey Botnick**
Title:	*Managing Director of Mpire Network Inc*
Agreement commenced:	28 February 2014
Term of agreement:	No fixed term
Details:	Mr Botnick receives an annual salary of USD$265,000 (inclusive of social security payment and taxes) together with benefits and insurance, and commission of 7.5% of gross profit of the Company's Canadian subsidiary, Mpire Network. The agreement may be terminated: • by Mr Botnick with three months' notice; • by the Company without cause with seven days' notice and payment of six months' salary; or • by the Company immediately for cause. Mr Botnick is based in Toronto, Canada, but may be required to spend up to 15% of his time travelling and working overseas.

Name:	**Clare Madelin**
Title:	*Chief Financial Officer and joint Company Secretary*
Agreement commenced:	18 January 2016 and extended 19 September 2016
Term of agreement:	Minimum 12 months, with the option to extend
Details:	Annual base salary of $230,000 per annum plus statutory superannuation. The agreement may be terminated: • by Ms Madelin with one months' notice, unless the Company is in breach of a material term of the agreement, in which case Ms Madelin may terminate it immediately; • by the Company with one months' notice or payment in lieu of notice; • by the Company immediately for cause.

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional disclosures relating to performance rights, options and shares

Performance rights

The table below discloses the number of performance rights granted and vested during the year. No performance rights lapsed during the year.

Class A Performance Rights

		Balance at the beginning of the year	Number issued during the year	Grant date	Fair value per performance right at grant date (cents)	Number vested during the year	Balance at the end of the year
Z. Tsvetnenko	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	2,400,000	-	-	-	2,400,000	-
L. Taylor	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	1,300,000	-	-	-	1,300,000	-
J. Botnick	**2017**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	1,300,000	-	-	-	1,300,000	-
Total	**2017**	**-**	**-**			**-**	**-**
	2016	5,000,000	-			5,000,000	-

Class B Performance Rights

		Balance at the beginning of the year	Number issued during the year	Grant date	Fair value per performance right at grant date (cents)	Number converted during the year	Balance at the end of the year	Number vested during the year[1]
Z. Tsvetnenko	**2017**	**3,600,000**	**-**	**-**	**-**	**-**	**3,600,000**	**3,600,000**
	2016	3,600,000	-	-	-	-	3,600,000	-
L. Taylor	**2017**	**1,950,000**	**-**	**-**	**-**	**-**	**1,950,000**	**1,950,000**
	2016	1,950,000	-	-	-	-	1,950,000	-
J. Botnick	**2017**	**1,950,000**	**-**	**-**	**-**	**-**	**1,950,000**	**1,950,000**
	2016	1,950,000	-	-	-	-	1,950,000	-
Total	**2017**	**7,500,000**	**-**			**-**	**7,500,000**	**7,500,000**
	2016	7,500,000	-			-	7,500,000	-

[1] Class B Performance Rights vested on 29 June 2017 and will be issued subsequent to the date of this report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional disclosures relating to performance rights, options and shares (continued)

Performance rights do not carry any voting or dividend rights and can only be converted once the vesting conditions have been met, until their expiry date.

The performance rights were granted in two tranches with the following vesting conditions and milestone dates:

Tranche	Vesting condition	Milestone date
Class A Performance Rights	Upon the **Livelynk Group** achieving $25,000,000 of cumulative gross revenue within 18 months after Completion.	On or before the date that is 18 months after **Completion** (Class A Milestone Date)
Class B Performance Rights	Upon the **Livelynk Group** achieving cumulative net profit before tax of at least $1,500,000 during the period from **Completion** until the date that is 24 months after **Completion**.	On or before the date that is 24 months after **Completion** (Class B Milestone Date)

Livelynk Group comprises Livelynk Group Pty Ltd, Mpire Media Pty Ltd and Mpire Network Inc.

Completion occurred on 29 June 2015.

During the 2016 financial year, the share based payments expense relating to the Class A and Class B Performance Rights was recognised in full upon the respective achievement of cumulative revenue and net profit conditions. The Class A Performance Rights vested during the 2016 financial year and were converted into ordinary shares on a one for one basis. Class B Performance Rights will be converted into ordinary shares on a one for one basis subsequent to the date of this report.

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested, lapsed or exercised during the year. It includes only options granted as part of remuneration to KMP.

Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions, if any, have been met, and only until the expiry date.

Name	Financial year	Options awarded during the year	Award date	Fair value per option at award date	Vesting date	Exercise price	Expiry date	Number vested during year	Number lapsed during year	Value of options granted during year	Value of options exercised during year
		#		$		$				$	$
S. Belben	2017	500,000	26/05/2017	0.131	26/05/2017	0.45	30/03/2020	500,000	-	65,519	-
L. Hunter	2017	500,000	26/05/2017	0.131	26/05/2017	0.45	30/03/2020	500,000	-	65,519	-
M. Ratty	2017	500,000	26/05/2017	0.131	26/05/2017	0.45	30/03/2020	500,000	-	65,519	-

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional disclosures relating to performance rights, options and shares (continued)

Option holdings of KMP

The table below discloses the options held directly, indirectly and beneficially by key management personnel.

On 31 December 2016, 6,800,000 options lapsed. None of those options were held by personnel who were part of key management at that time.

	Balance at 1 July 2016	Granted as remuneration	Exercised	Net change other	Balance at 30 June 2017	Exercisable	Not exercisable
Non-executive directors							
S. Belben	-	500,000	-	-	500,000	500,000	-
M. Ratty[1]	-	500,000	-	6,500,000	7,000,000	7,000,000	-
P. O'Connor[2]	-	-	-	-	-	-	-
Z. Tsvetnenko[3]	-	-	-	-	-	-	-
Executive directors							
L. Hunter[4]	-	500,000	-	-	500,000	500,000	-
Senior executives							
L. Taylor[5]	-	-	-	-	-	-	-
J. Botnick	-	-	-	-	-	-	-
C. Madelin	-	-	-	-	-	-	-
Total	**-**	**1,500,000**	**-**	**6,500,000**	**8,000,000**	**8,000,000**	**-**

Notes

1 Mr Ratty had a direct interest in 6,500,000 options at the time of his appointment as a Non-Executive Director on 16 February 2017.
2 Mr O'Connor was appointed as a Non-Executive Director on 25 July 2016 and resigned on 24 February 2017.
3 Mr Tsvetnenko resigned as a Non-Executive Director on 25 July 2016.
4 Mr Hunter was appointed as a Non-Executive Director on 16 February 2017 and as Managing Director on 15 May 2017.
5 Mr Taylor resigned as Managing Director on 15 May 2017 and was appointed as Chief Technology Officer on that date.

Shares

The table below discloses the shares held directly, indirectly and beneficially by key management personnel.

	Balance at 1 July 2016	Granted as remuneration	On conversion of performance rights	Net change other	Balance at 30 June 2017
Non-executive directors					
S. Belben	-	-	-	200,000	200,000
M. Ratty[1]	-	-	-	6,551,676	6,551,676
P. O'Connor[2]	-	-	-	-	-
Z. Tsvetnenko[3]	9,900,000	-	-	(9,900,000)	-
Executive directors					
L. Hunter[4]	-	-	-	146,000	146,000
Senior executives					
L. Taylor[5,6]	1,300,000	-	-	-	1,300,000
J. Botnick[6]	1,300,000	-	-	-	1,300,000
C. Madelin	-	-	-	-	-
Total	**12,500,000**	**-**	**-**	**(3,002,324)**	**9,497,676**

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional disclosures relating to performance rights, options and shares (continued)

Notes

[1] Upon his appointment as Non-Executive Director on 16 February 2017, Mr Ratty had an interest in 6,551,676 ordinary shares. Since his appointment, Mr Ratty has not traded any shares.
[2] Upon his resignation as Non-Executive Director on 24 February 2017, Mr O'Connor did not have an interest in any ordinary shares.
[3] Upon his resignation as Non-Executive Director on 25 July 2016, Mr Tsvetnenko held 9,900,000 ordinary shares, which are subject to escrow restrictions which are in place until 7 July 2017.
[4] Upon his appointment as Non-Executive Director on 16 February 2017 (with subsequent appointment as Managing Director on 15 May 2017), Mr Hunter did not have an interest in any ordinary shares. Since his appointment, Mr Hunter has purchased 146,000 shares on market.
[5] Mr Taylor resigned as Managing Director on 15 May 2017 and was appointed as Chief Technology Officer on that date.
[6] Shares held at 30 June 2017 are subject to escrow restrictions which are in place until 7 July 2017.

6. Other transactions and balances with key management personnel and their related parties

During the year the Company entered into a consultancy agreement with Mr Hunter for the provision of business, sales and marketing advice. Under this agreement Mr Hunter was entitled to fees of $8,333 per month (exclusive of GST) with effect from 1 April 2017. The term of the agreement was 1 year. However, the contract was terminated on 15 May 2017 when he was appointed Managing Director. Under the agreement Mr Hunter was paid consultancy fees of $11,957 (FY16: Nil).

During the period Mr Tsvetnenko was a director of the Company (29 June 2015 – 25 July 2016), the Group received the following fees from entities associated with Mr Tsvetnenko:

	2017 **$**	**2016** **$**
Fees for the provision of office space and administration services.	**323**	44,291
Fees for the provision of accounting support	**-**	26,383

During the course of the 2014 and 2015 financial years, Mpire Media Pty Ltd provided funding to Irish incorporated Maroon Tech Limited (Maroon Tech), an entity associated with Mr Tsvetnenko. Maroon Tech provided performance based marketing services to advertisers located mainly in Europe. It had been the intention of the directors of Livelynk Group Pty Ltd (the parent entity of Mpire Media Pty Ltd) to acquire Maroon Tech and include it in the group of companies to be involved in a corporate transaction. However, Maroon Tech was unable to acquire a sufficient share of the European market. Consequently, it did not form part of the group involved in the corporate transaction with Tech Mpire completed 29 June 2015. Maroon Tech has ceased trading, and is unable to repay the loan funds provided by Mpire Media Pty Ltd. As a result, the balance owing of $194,514 was written off as a bad debt during FY16, resulting in a bad debt expense of $nil (FY16: $194,514).

During the year ended 30 June 2015, the Company entered into a consultancy agreement with Mr Wates for the provision of management services to the Company. Under this agreement, Mr Wates was entitled to fees of $25,000 per month (exclusive of GST) with effect from 1 April 2015. The consultancy arrangement with Mr Wates came to an end in July 2015. Under the agreement Mr Wates was paid fees of $nil (FY16: $18,750).

Capri Corporate, a consultancy service provider associated with Mr Wates' spouse, was engaged by the Company during the year ended 30 June 2015 to provide financial management services to the Company and was paid a fee of $1,667 per month (exclusive of GST). The engagement of Capri Corporate came to an end in July 2015. During the year the amount paid to Capri Corporate was $nil (FY16: $1,667).

Signed in accordance with a resolution of the directors:

Lee Hunter
Managing Director

Perth, Western Australia
Dated this 29th day of August 2017

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Auditor's Independence Declaration to the Directors of Tech Mpire Limited

As lead auditor for the audit of Tech Mpire Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Tech Mpire Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

G Lotter
Partner
29 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Continuing Operations			
REVENUE	4	37,025,141	32,123,476
Cost of services rendered		(28,014,267)	(24,895,438)
GROSS PROFIT		9,010,874	7,228,038
Other income	5(a)	208,484	359,585
OVERHEADS			
Administration costs	5(b)	(870,410)	(439,297)
Compliance costs	5(c)	(209,871)	(195,964)
Consultancy costs	5(g)	(248,721)	(325,271)
Employment costs	5(d)	(5,311,185)	(3,906,105)
Occupancy costs		(238,901)	(223,420)
Marketing costs		(391,920)	(209,500)
Bad and doubtful debts expense	5(h)	(524,922)	(1,204,260)
Foreign exchange differences		(292,822)	(35,072)
Finance costs	5(e)	(55,507)	(119,464)
Depreciation		(79,847)	(36,841)
		(8,224,106)	(6,695,194)
OTHER EXPENSES			
Corporate transaction costs	5(f)	-	(30,484)
Share based payments	16	(215,441)	(4,250,454)
		(215,441)	(4,280,938)
Profit / (loss) before income tax		779,811	(3,388,509)
Income tax expense	6	(362,605)	(258,056)
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF TECH MPIRE LIMITED		417,206	(3,646,565)
Other comprehensive income net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(464,104)	253,171
Total comprehensive loss for the year attributable to the members of Tech Mpire Limited		(46,898)	(3,393,394)
Earnings / (loss) per share attributable to members of Tech Mpire Limited			
Basic earnings / (loss) per share (cents)	23	0.63	(5.97)
Diluted earnings / (loss) per share (cents)	23	0.54	(5.97)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	8,202,204	5,601,353
Trade and other receivables	8	3,668,862	4,528,735
TOTAL CURRENT ASSETS		11,871,066	10,130,088
NON-CURRENT ASSETS			
Goodwill	15	34,000	41,455
Plant and equipment	9	142,786	175,235
TOTAL NON-CURRENT ASSETS		176,786	216,690
TOTAL ASSETS		12,047,852	10,346,778
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,900,615	1,835,520
Provisions	11	747,611	400,423
Interest-bearing loans and borrowings	12	1,096,574	-
TOTAL CURRENT LIABILITIES		3,744,800	2,235,943
NON-CURRENT LIABILITIES			
Provisions	11	98,968	75,294
TOTAL NON-CURRENT LIABILITIES		98,968	75,294
TOTAL LIABILITIES		3,843,768	2,311,237
NET ASSETS		8,204,084	8,035,541
EQUITY			
Contributed equity	13	17,157,235	17,143,905
Share based payment reserve	14	5,096,104	4,893,993
Foreign currency translation reserve	14	(67,255)	396,849
Accumulated losses	17	(13,982,000)	(14,399,206)
TOTAL EQUITY		8,204,084	8,035,541

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		36,876,385	31,265,262
Payments to suppliers and employees		(35,118,330)	(30,067,205)
Other income received		224,860	129,164
Interest received		11,301	60,651
Interest paid		(55,507)	(229,389)
Income tax paid		(25,576)	(670,647)
Net cash flows generated by operating activities	7	1,913,133	487,836
Cash flows from investing activities			
Purchase of plant and equipment		(86,243)	(113,694)
Acquisition of subsidiary, net of cash acquired	15	(28,995)	(12,076)
Deposits paid for leased premises		(34,432)	-
Net cash flows used in investing activities		(149,670)	(125,770)
Cash flows from financing activities			
Proceeds from issue of shares		-	40,000
Share issue costs paid		-	(377,304)
Net advances received / (repaid) under debtor financing facility		1,124,102	(652,950)
Refund of prospectus oversubscriptions		-	(37,500)
Net cash flows provided by / (used in) financing activities		1,124,102	(1,027,754)
Net increase / (decrease) in cash and cash equivalents		2,887,565	(665,688)
Cash and cash equivalents at the beginning of the year		5,601,353	6,234,159
Effects of exchange rate changes on cash and cash equivalents		(286,714)	32,882
Cash and cash equivalents at the end of the year	7	8,202,204	5,601,353

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity $	Retained earnings/ (accumulated losses) $	Share based payments reserve $	Foreign currency translation reserve $	Total equity $
Balance at 1 July 2016	**17,143,905**	**(14,399,206)**	**4,893,993**	**396,849**	**8,035,541**
Profit for the year	-	**417,206**	-	-	**417,206**
Other comprehensive income					
Foreign exchange differences arising on translation of foreign operations	-	-	-	**(464,104)**	**(464,104)**
Total comprehensive income / (expenditure) for the year	-	**417,206**	-	**(464,104)**	**(46,898)**
Transactions with equity holders in their capacity as owners					
Share based payments expense	-	-	**215,441**	-	**215,441**
Shares issued on vesting of performance rights	**13,330**	-	**(13,330)**	-	-
	13,330	-	**202,111**	-	**215,441**
Balance at 30 June 2017	**17,157,235**	**(13,982,000)**	**5,096,104**	**(67,255)**	**8,204,084**
Balance at 1 July 2015	15,390,390	(10,752,641)	2,343,054	143,678	7,124,481
Loss for the year	-	(3,646,565)	-	-	(3,646,565)
Other comprehensive income					
Foreign exchange differences arising on translation of foreign operations	-	-	-	253,171	253,171
Total comprehensive income / (expenditure) for the year	-	(3,646,565)	-	253,171	(3,393,394)
Transactions with equity holders in their capacity as owners					
Shares issued on exercise of options	40,000	-	-	-	40,000
Share based payments expense	-	-	4,250,454	-	4,250,454
Shares issued on vesting of performance rights	1,699,515	-	(1,699,515)	-	-
Shares to be issued as consideration for acquisition of controlled entity	14,000	-	-	-	14,000
	1,753,515	-	2,550,939	-	4,304,454
Balance at 30 June 2016	17,143,905	(14,399,206)	4,893,993	396,849	8,035,541

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

The consolidated financial report of Tech Mpire Limited (**Tech Mpire** or **Company**) and its controlled entities (collectively referred to as the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 29 August 2017.

Tech Mpire is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is in Bentley, Western Australia.

The nature of the operations and principal activities of the Group are as follows:

The Group leverages its global network of online media partners to enable brands to advertise to their target audiences online. This service is provided on a performance basis where the Group only charges clients if a predefined result is achieved (referred to as a "conversion"). Conversions are measurable goals such as subscription for a service, sale of a product, installation of software and mobile apps, registration of a customer, or some other quantifiable target.

The Group also develops nxus®, the platform upon which its entire network operates. nxus® is a scalable and comprehensive network platform developed to drive revenue, measure conversions and optimise digital ad spend of the Group's advertiser clients

Information on the Group's structure and related party relationships is provided in Note 20.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a summary of the significant accounting policies adopted in the preparation of this financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets acquired.

The financial report is presented in Australian dollars.

i Statement of Compliance

The consolidated financial statements of Tech Mpire Ltd comply with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

ii Changes in accounting policies, disclosures, standards and interpretations

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017 are outlined below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 9: Financial instruments

Application date of standard: 1 January 2018

Application date for Group: 1 July 2018

Impact on the Group's Financial Statements: The impact of this new standard is still being assessed.

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.

The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

AASB 15: Revenue from contracts with customers

Application date of standard: 1 January 2018

Application date for Group: 1 July 2018

Impact on the Group's Financial Statements: The impact of this new standard is still being assessed.

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied).

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16: Leases

Application date of standard: 1 January 2019

Application date for Group: 1 July 2019

Impact on the Group's Financial Statements: The impact of this new standard is still being assessed.

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

IFRS 2 (Amendments): Classification and measurement of share based payment transactions

Application date of standard: 1 January 2018

Application date for Group: 1 July 2018

Impact on the Group's Financial Statements: No significant impact is anticipated.

This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(c) 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 makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

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

Information about other business activities are combined and disclosed in a separate category called "other".

(d) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the parent's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

ii. Transactions and balances

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

iii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other 2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(e) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

	Method	Useful Lives
Plant and equipment	Reducing Balance	1.5 – 2.5 years
Leasehold improvements	Straight Line	the term of the lease
Office equipment	Reducing Balance	2 – 10 years
Computer software and hardware	Straight Line	1.5 – 4 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(f) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less costs of disposal) and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 45 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

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

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, the bad debt expense in the profit and loss is offset by the reversal of the impairment allowance. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

(h) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Restatement of cash flows

In FY17 cash flows from the debtor financing facility are shown net as they are short term (less than 3 months) and cash receipts from debtors which are paid directly to the lender are treated as receipts from customers. FY16 has been presented on this basis. This presentation is acceptable under AASB 107 *Statement of Cash Flows* and is considered to better reflect the substance of the debtor transactions.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria have been met for each of the Group's activities as described below:

i. Advertising income

Revenue from advertising services is recognised when the services have been performed and the fair value of the consideration for the services provided can be reliably measured.

ii. Interest income

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

iii. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with and are recognised in profit or loss on a systematic basis over the period in which the entity recognises as expenses the related costs to which the grant is intended to compensate.

(m) Trade and other payables

These amounts represent liabilities for goods or 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 presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company / Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(o) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Contributed equity

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

(q) Financial assets

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (the date that the Group commits to purchase or sell the asset).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group's financial assets include cash and short-term deposits, trade and other receivables and loans and other receivables.

Subsequent measurement

Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. They are included in current assets, other than those with maturities greater than 12 months from reporting date which are classified as non-current assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a" pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate (EIR).

(r) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(s) Fair value measurement

The carrying amount of financial assets and trade and other payables recorded in the Financial Statements approximate their fair values. The carrying amount of interest-bearing loans and borrowings recorded in the Financial Statements approximate their fair values and are all classified as level 1 instruments per the below valuation methodology.

For financial instruments carried at fair value, the Group uses various methods in estimating fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in an active market.

Level 2 – the fair value is estimated using inputs other than quoted prices included in the Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

(t) Financial instruments issued by the group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at balance date.

(w) Share based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

(x) Earnings / loss per share

Basic earnings / loss per share is calculated as net profit or loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted loss per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Significant accounting judgements, estimates and assumptions

The directors made estimates and judgements during the preparation of these Financial Statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the Financial Statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and assumptions made have been described below:

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Judgement is required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

The Group has $1,982,060 (2016: $5,974,456) of tax losses carried forward. Although these losses do not expire, they may not be capable of being used to offset taxable income elsewhere in the Group. The Group has neither taxable temporary differences nor tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets in respect of the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by $1,100,943 (2016: $2,025,265). Further details on taxes are disclosed in Note 6.

Impairment of non-financial assets

The Group tests annually whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated at Note 2(f). Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next two years. The assumptions used in the budget, such as growth rates, and the discount rate used are subject to judgement and estimates.

3. SEGMENT INFORMATION

The Group has two operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Group's key operating segments are as follows and are linked to the Group's geographic dispersion:

- Technology: responsible for the development and maintenance of the Group's proprietary software platform, nxus®. These activities are conducted at the Group's Australian head office and its office in Croatia.
- Performance Marketing: responsible for generating the Group's main revenue stream. These activities are driven out of the Group's office in Toronto, Canada.

The board of directors review internal management reports on a monthly basis that are consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result, no reconciliation is required because, in aggregate, the information as presented is what is used by the board to make strategic decisions. No operating segments have been aggregated.

3. SEGMENT INFORMATION (CONTINUED)

For the year ended 30 June 2017	Technology $	Performance Marketing $	Other $	Elimination of inter segment transactions $	Consolidated $
Revenue	3,051,200	37,025,141	-	(3,051,200)	37,025,141
Other income	34,400	157,306	26,991	(21,514)	197,183
Cost of services rendered	(383,658)	(30,685,293)	-	3,054,684	(28,014,267)
Overheads	(2,908,953)	(3,500,039)	(1,697,791)	18,030	(8,088,753)
Other expenses	-	-	(215,441)	-	(215,441)
EBITDA	(207,011)	2,997,115	(1,886,241)	-	903,863
Reconciliation of reportable segment profit / (loss):					
EBITDA	(207,011)	2,997,115	(1,886,241)	-	903,863
Interest income	9,410	-	1,892	-	11,302
Interest expense	(17)	(55,490)	-	-	(55,507)
Depreciation	(65,808)	(12,562)	(1,477)	-	(79,847)
Income tax benefit / (expense)	(50,221)	(553,753)	241,369	-	(362,605)
Profit / (loss) after income tax	(313,647)	2,375,310	(1,644,457)	-	417,206

For the year ended 30 June 2016	Technology $	Performance Marketing $	Other $	Elimination of inter segment transactions $	Consolidated $
Revenue	3,344,623	32,123,476	-	(3,344,623)	32,123,476
Other income	191,288	20,058	86,882	-	298,228
Cost of services rendered	(166,212)	(28,064,682)	-	3,335,456	(24,895,438)
Overheads	(1,179,802)	(3,663,460)	(1,704,794)	9,167	(6,538,889)
Other expenses	-	-	(4,280,938)	-	(4,280,938)
EBITDA	2,189,897	415,392	(5,898,850)	-	(3,293,561)
Reconciliation of reportable segment profit / (loss):					
EBITDA	2,189,897	415,392	(5,898,850)	-	(3,293,561)
Interest income	-	-	61,357	-	61,357
Interest expense	-	(78,421)	(41,043)	-	(119,464)
Depreciation	(13,965)	(18,631)	(4,245)	-	(36,841)
Income tax expense	(258,056)	-	-	-	(258,056)
Profit / (loss) after income tax	1,917,876	318,340	(5,882,781)	-	(3,646,565)

	As at	Technology $	Performance Marketing $	Other $	Elimination of inter segment balances	Consolidated $
Assets	30 June 2017	489,128	6,213,360	6,525,751	(1,180,387)	12,047,852
	30 June 2016	5,120,452	8,393,904	1,511,840	(4,679,418)	10,346,778
Liabilities	30 June 2017	1,649,960	2,909,720	464,475	(1,180,387)	3,843,768
	30 June 2016	239,703	6,163,912	587,040	(4,679,418)	2,311,237

FY16 comparatives have been re-stated to separately show elimination of intersegment balances.

3. SEGMENT INFORMATION (CONTINUED)

Revenue by geographical region

Revenue attributable to external customers is disclosed below based on the location of the external customer.

	Consolidated	
	2017	2016
	$	$
USA	**23,758,200**	11,311,341
UK	**4,117,188**	8,194,945
British Virgin Islands	**3,994,218**	551,861
Netherlands	**1,613,552**	2,907,857
Malta	**775,308**	802,024
Israel	**441,731**	274,319
Hong Kong	**422,298**	1,709,803
China	**321,021**	2,187,832
India	**173,243**	352,087
Australia	**126,685**	1,917,141
Luxembourg	**84,263**	667,240
Ireland	-	447,653
Korea	-	325,631
Other	**1,197,434**	473,742
Total revenue from trading activities	**37,025,141**	32,123,476

Other countries individually account for less than 1% of trading revenue in either the current or prior year.

Major customers

The group had three customers (FY16: one customer) whose sales individually amounted to greater than 10% of total revenue as follows:

Significance	2017	2016
	% of total revenue from trading activities	% of total revenue from trading activities
1st	**17.7%**	12.0%
2nd	**12.6%**	
3rd	**10.5%**	

4. REVENUE

	Consolidated	
	2017	2016
	$	$
From continuing operations:		
Revenue from advertising services	**37,025,141**	32,123,476

Revenue from advertising services is recognised in the financial year in which the services are rendered.

Revenue is based on the price specified in the sale contract, net of any discounts at the time of sale. No element of financing is deemed present as the sales are made with a credit term of 45 days, which is consistent with market practice.

5. OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in 'other income' and material overheads shown in the Statement of Profit or Loss and Other Comprehensive Income.

5. OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

		Consolidated 2017 $	Consolidated 2016 $
(a)	**Other income**		
	Research and development grant [1]	-	187,954
	Rental income	**2,802**	25,763
	Recoveries	**79,636**	30,570
	Miscellaneous income	**126,046**	115,298
		208,484	359,585
(b)	**Administration costs**		
	IT costs	**262,060**	128,333
	Office and general administration costs	**369,271**	225,822
	Write off of plant and equipment	**41,446**	13,192
	Travel	**197,633**	71,950
		870,410	439,297
(c)	**Compliance costs**		
	Accounting fees	**19,927**	3,876
	ASX compliance fees	**61,813**	53,460
	Tax advice and compliance fees	**126,296**	136,663
	Regulatory body fees	**1,835**	1,965
		209,871	195,964
(d)	**Employment costs**		
	Salaries and wages[2]	**4,364,389**	3,265,768
	Ancillary employment costs	**783,793**	440,554
	Other	**163,003**	199,783
		5,311,185	3,906,105
(e)	**Finance costs**		
	Interest expense	**17**	41,043
	Debtor financing fees	**55,490**	78,421
		55,507	119,464
(f)	**Corporate transaction costs**		
	Consultancy fees	-	20,417
	Legal fees	-	10,067
		-	30,484
(g)	**Consultancy costs**		
	Legal	**149,224**	218,812
	Investor relations	**80,540**	106,459
	Other	**18,957**	-
		248,721	325,271
(h)	**Bad and doubtful debts**		
	Trade receivables doubtful debts provision	**(198,382)**	280,355
	Trade receivables bad debt expense	**723,304**	729,391
	Other	-	194,514
		524,922	1,204,260

[1] In accordance with research and development tax legislation, the Group is entitled to a research and development tax offset. This is recognised in the year in which the tax return is lodged. The tax offset is refundable in cash for years in which the consolidated income is less than $20,000,000. If consolidated income exceeds $20,000,000 the refund is received by offset against tax payable. In FY16 the refund was accounted for as a government grant in other income. In FY17 the tax offset is recognised in the tax expense (Note 6) as it is not receivable in cash.

[2] Note 24 provides details on directors and executives' remuneration.

6. INCOME TAX EXPENSE

	Consolidated	
	2017	2016
	$	$
Major components of income tax expense for the year are:		
Income statement		
Current income tax		
Current income tax charge	**603,974**	258,056
Adjustments in respect of previous years:		
- Under provision for income tax in previous years	**138,603**	
- Research and development tax credit relating to the prior year	**(379,972)**	
Deferred income tax		
Deferred income tax charge relating to origination and reversal of temporary differences	**-**	-
Income tax expense reported in Consolidated Statement of Profit or Loss and Other Comprehensive Income	**362,605**	258,056

Reconciliation

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year is as follows:

	Consolidated	
	2017	2016
	$	$
Accounting profit / (loss) before income tax	**779,811**	(3,388,509)
Income tax expense / (benefit) at the statutory income tax rate of 30% (2016: 30%)	**233,943**	(1,016,553)
Adjusted for:		
Under provision for income tax in previous years	**138,603**	-
Research and development tax credit relating to the prior year	**(379,972)**	-
Non-deductible share based payment expenses	**64,633**	1,275,136
Non-deductible entertainment expenses	**9,240**	10,125
Non-deductible write off of plant and equipment	**-**	3,958
Other non-deductible expenses	**30,985**	180,800
Other non-assessable amounts	**(114,563)**	(56,386)
Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations	**(98,248)**	(1,219)
Carried forward tax losses utilised (Canadian tax -$229,016 (FY16 -$137,805))	**(229,016)**	(137,805)
Tax losses and temporary differences not recognised as a deferred tax asset (Australian tax $702,853 (FY16: $nil), Canadian tax $4,147 (FY16: $nil))	**707,000**	-
	362,605	258,056

Tax consolidation

The Company and its 100% owned Australian incorporated subsidiaries formed a tax consolidated group with effect from 1 July 2015.

6. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets

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

	Consolidated	
	2017	2016
	$	$
Revenue losses	**1,787,546**	5,853,523
Capital losses	**194,514**	120,933
Temporary differences	**1,687,748**	776,426
	3,669,808	6,750,882
Unrecognised tax losses at 30%	**1,100,943**	2,025,265

During the current financial year, the revenue and capital losses carried forward by each company in the tax consolidated group were reviewed to determine the quantum of losses that will be eligible to be utilised in future periods given the formation of the tax consolidated group with effect from 1 July 2015. It was determined that all tax losses incurred prior to 1 July 2015 by the members of the tax consolidated group would not be eligible to be carried forward and used by the tax consolidated group.

Tax losses do not expire under current legislation.

Deferred tax assets have not been recognised in respect of tax losses or temporary differences because it is not certain that future taxable profit will be available in the near term against which the Group can utilise the benefits.

Availability of Tax Losses

The availability of the Group's tax losses for future periods is uncertain and will be dependent on strict requirements being satisfied with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of tax losses as at 30 June 2017 is contingent upon the following:

- entities in the Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- there being no changes in income tax legislation which would adversely affect the entities from realising the benefit from the losses.

7. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	Consolidated	
	2017	**2016**
	$	**$**
Cash at bank and on hand	**5,598,224**	5,601,353
Short term deposits	**2,603,980**	-
	8,202,204	5,601,353

Cash at bank and on hand earns interest at floating rates based on daily at call bank deposit and savings rates. Short-term deposits are for a period of 1 month, and earn interest at the respective short-term deposit rate.

Details of the Group's borrowing facilities are set out in Note 12.

7. CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation from the profit / (loss) after tax to the net cash flows from operations:

	Consolidated	
	2017	2016
	$	$
Net profit / (loss)	417,206	(3,646,565)
Adjustments for non-cash items:		
Bad debts written off	723,304	729,391
Doubtful debt provision	(198,382)	474,869
Depreciation	79,847	36,841
Plant and equipment written off	41,446	13,192
Share based payments	215,441	4,250,454
Income tax provision	362,605	258,056
Changes in assets and liabilities:		
(Increase) in trade and other receivables[1]	(242,757)	(585,262)
(Increase) / decrease in other receivables	225,180	(169,770)
(Increase) / decrease in accrued revenue	194,652	(230,624)
(Increase) / decrease in prepayments	(62,484)	(113,673)
Increase in trade and other payables[1]	148,818	247,000
Increase in provision for employee entitlements	33,834	4,499
Increase / (decrease) in provision for income tax	(25,577)	(780,572)
Net cash generated by operating activities	1,913,133	487,836

1 Movement is stated after adjusting for the effects of movements in foreign exchange rates from the beginning of the financial year to the end of the financial year.

8. TRADE AND OTHER RECEIVABLES (CURRENT)

		Consolidated	
		2017	2016
	Note	$	$
Trade receivables	(a)	3,203,736	3,709,477
Accrued revenue		200,698	427,246
Prepayments		184,872	122,388
Deposits		42,984	7,871
Research and development grant receivable		-	187,954
Other receivables	(b)	368	7,562
GST receivables		36,204	66,237
		3,668,862	4,528,735

8. TRADE AND OTHER RECEIVABLES (CURRENT) (CONTINUED)

As at 30 June, the ageing analysis of trade receivables, net of impairment loss is as follows:

	Total	< 30 days	30-60 days	61-90 days	> 90 days
	$	$	$	$	$
2017	**3,203,736**	**2,940,849**	**261,887**	**-**	**1,000**
2016	3,709,477	3,249,392	292,466	129,956	37,663

The balance of trade receivables that are considered impaired at balance date and have been provided for are set out below:

	$
2017	**294,250**
2016	515,784

See Note 18 on credit risk of trade receivables for details of how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

(a) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 45 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in Note 2(g).

The balance of trade receivables is after provision for doubtful debts. The movement in the balance of this provision is as follows:

	Consolidated	
	2017	2016
	$	$
Balance at the beginning of financial year	**515,784**	229,698
Net movement for the year	**(198,382)**	280,355
Impact of foreign exchange	**(23,152)**	5,731
Balance at the end of financial year	**294,250**	515,784

(b) Sundry receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(c) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. The fair values of non-current receivables are generally not significantly different to their carrying amounts.

(d) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 18.

9. PLANT AND EQUIPMENT

	Consolidated: 2017				
	Leasehold improvements	Computer equipment $	Office equipment $	Software & hardware $	Total $
Cost	80,393	84,346	135,476	-	300,215
Accumulated depreciation	(13,797)	(56,209)	(87,423)	-	(157,429)
Carrying amount at 30 June	66,596	28,137	48,053	-	142,786
Reconciliation					
Carrying amount at 1 July	54,811	20,488	99,786	150	175,235
Additions	33,614	24,754	31,684	-	90,052
Disposals	-	-	(399)	-	(399)
Impact of foreign exchange	-	-	(809)	-	(809)
Plant and equipment written off	-	-	(41,296)	(150)	(41,446)
Reclassification	(8,032)	8,032	-	-	-
Depreciation	(13,797)	(25,137)	(40,913)	-	(79,847)
Carrying amount at 30 June	66,596	28,137	48,053	-	142,786

	Consolidated: 2016				
	Leasehold improvements	Computer equipment $	Office equipment $	Software & hardware $	Total $
Cost	54,811	51,559	150,310	17,221	273,901
Accumulated depreciation	-	(31,071)	(50,524)	(17,071)	(98,666)
Carrying amount at 30 June	54,811	20,488	99,786	150	175,235
Reconciliation					
Carrying amount at 1 July	-	13,076	85,731	6,140	104,947
Additions	54,811	19,904	33,558	-	108,273
Acquisition of subsidiary	-	-	8,044	-	8,044
Disposals	-	-	(2,960)	-	(2,960)
Impact of foreign exchange	-	-	6,544	420	6,964
Plant and equipment written off	-	(2,563)	(10,629)	-	(13,192)
Depreciation	-	(9,929)	(20,502)	(6,410)	(36,841)
Carrying amount at 30 June	54,811	20,488	99,786	150	175,235

Refer to Note 2(e) for further details on the Group's accounting policies for plant and equipment.

10. TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	$	$
Trade payables	**1,143,401**	1,199,897
Statutory liabilities	**286,675**	135,202
Deferred consideration (refer Note 15)	-	27,279
Commission payable	**151,269**	257,424
Prepayments received from advertisers	**89,791**	121,687
Other payables	**229,479**	94,031
	1,900,615	1,835,520

Trade payables and other payables are non-interest bearing and are unsecured. Balances are usually settled within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

11. PROVISIONS

	Consolidated	
	2017	2016
	$	$
CURRENT		
Employee benefits (a)	**161,142**	150,982
Income tax	**586,469**	249,441
	747,611	400,423
NON-CURRENT		
Employee benefits (a)	**98,968**	75,294
	98,968	75,294

(a) Employee Benefits

The current provision for employee benefits relates to the Group's liability for annual leave. The non-current provision for employee benefits relates to the Group's liability for long service leave.

Movement in the provisions for employee benefits is as follows:

	Consolidated			
	2017		2016	
	Annual leave	Long service leave	Annual leave	Long service leave
	$	$	$	$
Balance at the beginning of financial year	**150,982**	**75,294**	121,951	63,837
Amounts provided for during the year	**280,569**	**23,674**	188,178	11,457
Unused leave balances paid during the year	**(73,440)**	-	(16,358)	-
Leave taken during the year	**(196,969)**	-	(142,789)	-
Balance at the end of financial year	**161,142**	**98,968**	150,982	75,294

12. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

	Consolidated	
	2017	2016
	$	$
Debtor factoring facility[1]	1,096,574	-
	1,096,574	-

[1] This is a rolling loan facility which is repaid as debtors settle their accounts and which may be replaced with new borrowings against new debtor invoices. Any amounts outstanding after 90 days from the date of factoring an invoice are repayable in full to the Lender.

Transferred financial assets that are not derecognised in their entirety:

	Consolidated	
	Loans and receivables 2017	Loans and receivables 2016
	$	$
Carrying amount of assets	1,218,416	-
Carrying amounts of associated liabilities	(1,096,574)	-

For those liabilities that have recourse only to the transferred assets:

	Consolidated	
	Loans and receivables 2017	Loans and receivables 2016
	$	$
Fair value of assets	1,218,416	-
Fair value of associated liabilities	(1,096,574)	-
Net position	121,842	-

Debtor Factoring Facility

On 31 March 2017, a group company (Company) entered into a secured debtor factoring facility with an unrelated party (Lender 1). The debtor factoring facility enables the Company to receive cash receipts in advance on certain of its customer invoices which are purchased by Lender 1. The amount which may be advanced is limited to 90% of the face value of factored invoices with a maximum credit limit of USD $3,600,000. A fixed fee of 1.0% of the customer invoice purchased is charged by Lender 1. Where the customer invoice remains unpaid after 30 days, a further fee of 0.033% of the invoice value is charged per day thereafter that the invoice remains unpaid. In addition to the fees, interest is payable on the average daily balance drawn based on the Bank of Montreal prime rate plus 3%. In the event the customer invoice remains unpaid for 90 days from invoice date, the Company may be required to repay to Lender 1 all advances received for that invoice plus all related fees, interest and costs associated with that invoice. Under the current terms the debtor factoring facility will terminate on 31 March 2018 (12 month term). The Company is not obligated to factor a minimum value of customer invoices over the life of the facility.

During the 2016 financial year, the Company was party to a debtor factoring agreement with a different unrelated party (Lender 2). The debtor factoring facility had a credit limit of US$1,000,000, an expiry date of 13 May 2017, and did not require the Company to factor a minimum value of customer invoices over the life of the facility. The facility enabled the Company to receive cash receipts in advance on certain of its customer invoices which were purchased by the debtor factoring agent. A fixed fee of 1.5% of the customer invoice purchased was charged by the debtor factoring agent. In addition, where the customer invoice remained unpaid after 30 days, an additional fee of 1.5% of the invoice value was charged on a pro-rata basis for every 30 days the invoice remained unpaid. In the event the customer invoice remained unpaid for 90 days, the Company was required to repay to the debtor factoring agent all advances received from the debtor factoring agent for that invoice plus all fees associated with that invoice.

13. CONTRIBUTED EQUITY

(a) Issued capital

	Consolidated	
	2017	2016
	$	$
Ordinary shares, fully paid	**17,157,235**	17,143,905

(b) Movements in share capital

	Consolidated 2017		Consolidated 2016	
	Number	$	Number	$
Shares on issue at 1 July	**65,741,001**	**17,143,905**	60,541,001	15,390,390
Shares issued on exercise of options	-	-	200,000	40,000
Shares issued on conversion of Class A Performance Rights	-	-	5,000,000	1,699,515
Shares issued on conversion of Class C Performance Rights	**33,334**	**13,330**	-	-
Shares to be issued as consideration for acquisition of controlled entity (refer to Note 15)	-	-	-	14,000
Shares issued as consideration for acquisition of controlled entity (refer to Note 15)	**33,334**	-	-	-
Shares on issue at 30 June	**65,807,669**	**17,157,235**	65,741,001	17,143,905

(c) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2016 and 30 June 2017.

	Consolidated	
	2017	2016
	$	$
Interest-bearing loans and borrowings (Note 12)	**1,096,574**	-
Trade and other payables (Note 10)	**1,900,615**	1,835,521
Less: cash and cash equivalents (Note 7)	**(8,202,204)**	(5,601,353)
Net (Debt) / Capital	**(5,205,015)**	(3,765,832)
Equity	**17,157,235**	17,143,905
Total Capital	**17,157,235**	17,143,905
Capital and net debt	**11,952,220**	13,378,073
Gearing ratio	**(44%)**	(28%)

14. RESERVES

	Consolidated 2017 $	2016 $
Share based payments reserve	**5,096,104**	4,893,993
Foreign currency translation reserve	**(67,255)**	396,849
Share based payments reserve		
Balance at beginning of year	**4,893,993**	2,343,054
Fair value of options issued to Directors	**196,557**	-
Fair value of Class A Performance Rights recognised (refer to Note 16)	**-**	1,699,515
Fair value of Class B Performance Rights recognised (refer to Note 16)	**-**	2,549,272
Fair value of Class A Performance Rights converted into ordinary shares	**-**	(1,699,515)
Fair value of Class C Performance Rights converted into ordinary shares	**(13,330)**	-
Fair value of Class C Performance Rights recognised (refer to Note 16)	**12,219**	1,111
Fair value of Class D Performance Rights recognised (refer to Note 16)	**6,665**	556
Balance at end of year	**5,096,104**	4,893,993
Foreign currency translation reserve		
Balance at beginning of year	**396,849**	143,678
Foreign exchange differences arising on translation of foreign operations	**(464,104)**	253,171
Balance at end of year	**(67,255)**	396,849

Nature and purpose of reserves

Share based payments

The share based payments reserve is used to recognise the fair value of equity-settled share based payments provided to employees, consultants and other third parties.

Foreign currency

The foreign currency translation reserve is used to recognise foreign currency exchange differences arising on translation of functional currency to presentation currency for foreign operations.

15. CORPORATE TRANSACTION

On 1 June 2016, the Company, through its wholly owned subsidiary Livelynk Group Pty Ltd, acquired 100% of the voting shares of Appenture d.o.o., a company registered and operating in Croatia as a software development company.

The primary reason for the acquisition was the expertise acquired which will help further drive the Group's technology based competitive advantage, resulting in the ability to attract more advertising clients and partners. The goodwill arising on this acquisition reflected the fact that the Group would be able to benefit from an immediate and substantial increase in technical expertise which would accelerate development of its technology platform, nxus®.

The provisional cost of the acquisition reported in FY16 comprised:

- Cash of $72,886.
- 33,334 fully paid ordinary shares in the Company, which were issued 4 July 2016, valued at market value of $14,000 on grant date.

The provisional figures have been updated in FY17 following final valuation of net assets since the consideration included an element equal to the fair value of net tangible assets acquired. As a result the cash component has increased to $75,680.

15. CORPORATE TRANSACTION (CONTINUED)

Acquisition date fair value consideration transferred:

	Fair value at acquisition date restated during 2017 $	Fair value at acquisition date reported at 30/06/2016 $
Cash paid	**75,680**	45,607
Cash payment accrued	**-**	27,279
Shares issued / to be issued	**14,000**	14,000
Consideration transferred	**89,680**	86,886

The cash flow on acquisition is as follows:

	Consolidated	
	2017 $	2016 $
Net cash acquired with the subsidiary	**34,609**	33,531
Cash paid in year ended 30 June 2016	**(45,607)**	(45,607)
Cash paid in year ended 30 June 2017	**(30,073)**	-
Net consolidated cash outflow	**(41,071)**	(12,076)

The provisional fair values of the identifiable assets and liabilities of Appenture d.o.o. as at the date of acquisition were as follows:

	Fair value at acquisition date restated during 2017 $	Provisional fair value at acquisition date reported at 30/06/2016 $
Cash and cash equivalents	**34,609**	33,531
Trade and other receivables	**23,787**	19,304
Plant and equipment	**12,686**	8,044
Total assets	**71,082**	60,879
Trade and other payables	**(6,159)**	(3,568)
Employee benefits	**(9,243)**	(11,880)
Total liabilities	**(15,402)**	(15,448)
Provisional fair value of identifiable net assets	**55,680**	45,431
Goodwill arising on acquisition	**34,000**	41,455
Acquisition date fair value consideration transferred	**89,680**	86,886

16. SHARE BASED PAYMENTS

a) Share based payments in existence during the year

Security	2017 Number	2016 Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date (cents)
Options transferred under reverse acquisition accounting[1]	6,800,000	7,000,000	01/10/2012	31/12/2016	20	19.00
Options (50c exercise price)	7,000,000	7,000,000	29/06/2015	29/06/2018	50	14.69
Options (45c exercise price)	1,500,000	-	26/05/2017	30/03/2020	45	13.10
Class A Performance Rights	-	5,000,000	29/06/2015	29/12/2016	N/A	30.59
Class B Performance Rights	7,500,000	7,500,000	29/06/2015	29/06/2017	N/A	17.00
Class C Performance Rights	33,334	33,334	01/06/2016	01/06/2017	N/A	39.99
Class D Performance Rights	33,332	33,332	01/06/2016	01/06/2018	N/A	39.99

[1] The options were fair valued on 29 June 2015 as part of the corporate transaction whereby Tech Mpire Limited acquired Livelynk Group Pty Ltd and its subsidiaries. Reverse acquisition accounting was applied to this transaction.

b) Options

1,500,000 options were granted during the current year (2016: Nil).

The fair value of options granted during the year was $196,557 (2016: Nil). The options were issued as part of directors' remuneration and vested on issue. Holders of options do not have any voting or dividend rights in relation to the options.

The weighted average fair value of the options granted during the year was $0.131 (2016: Nil). Options were valued using the Black-Scholes model and took into account the following assumptions:

Dividend yield	0.00%
Expected volatility	77.17%
Risk-free interest rate	1.67%

No allowance was made for the effects of early exercise.

The following table illustrates the outstanding options granted, exercised and forfeited during the year.

	2017		2016	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Outstanding at 1 July	**13,800,000**	**17.31**	14,000,000	17.35
Granted during the year	**1,500,000**	**45.00**	-	-
Options exercised during the year	**-**	**-**	(200,000)	20.00
Options expired during the year	**(6,800,000)**	**(20.00)**	-	-
Outstanding as at 30 June	**8,500,000**	**49.12**	13,800,000	17.31
Subject to escrow restrictions at 30 June	**500,000**	**50.00**	500,000	50.00
Exercisable at 30 June	**8,000,000**	**49.06**	13,300,000	34.66

No options were forfeited during the current year (2016: Nil).

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2017 was 1.31 years (2016: 1.26 years).

16. SHARE BASED PAYMENTS (CONTINUED)

The range of exercise prices for share-based payment options outstanding as at the end of the year was $0.45 to $0.50 (2016: range of $0.20 to $0.50).

1,500,000 options were issued to directors during the current year (2016: Nil).

c) Performance rights

Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

The fair value of performance rights granted and vested during the current year and prior year is set out below.

2017

Security	Number granted	Fair value of performance rights granted $	Number vested	Share based payments expense $
Class B Performance Rights (note i)	-	-	7,500,000	-
Class C Performance Rights (note ii)	-	-	33,334	12,219
Class D Performance Rights (note ii)	-	-	-	6,665
	-	-	7,533,334	18,884

The weighted average fair value of the performance rights granted during the current year is nil (2016: $0.40).

2016

Security	Number granted	Fair value of performance rights granted $	Number vested	Share based payments expense $
Class A Performance Rights (note i)	-	-	5,000,000	1,699,515
Class B Performance Rights (note i)	-	-	-	2,549,272
Class C Performance Rights (note ii)	33,334	13,330	-	1,111
Class D Performance Rights (note ii)	33,332	13,330	-	556
	66,666	26,660	5,000,000	4,250,454

(i) Class A and Class B performance rights

The Class A and Class B performance rights were issued to key management personnel as incentive awards. 74% of each of the Class A and Class B performance rights were subject to escrow restrictions on issue. During the 2016 financial year, the remaining 26% of each of the Class A and Class B performance rights were made subject to voluntary escrow restrictions.

The escrow restrictions are in place until 7 July 2017 and apply to the performance rights and to the ordinary shares into which they are converted.

The performance rights were valued on grant date using the Black-Scholes model and taking into account the following assumptions:

	Class A	Class B
Dividend yield	0.00%	0.00%
Expected volatility[1]	80.00%	80.00%
Risk-free interest rate	2.02%	2.02%
Probability at 30 June 2015 of the performance milestone being achieved	90%	50%

[1] based on expected volatility of the Company's share price post restructure of the group in June 2015.

16. SHARE BASED PAYMENTS (CONTINUED)

The vesting conditions, milestone dates and status of the Class A and Class B performance rights are set out below:

Class	Vesting condition	Milestone date	Status at 30 June 2017
Class A performance rights	Upon the **Livelynk Group** achieving A$25,000,000 of cumulative gross revenue within 18 months after **Completion**.	On or before the date that is 18 months after **Completion** (Class A Milestone Date).	Vested during the prior year. The Class A performance rights were converted to ordinary shares and the corresponding share based expense was recognised in full during the prior year.
Class B performance rights	Upon the **Livelynk Group** achieving cumulative net profit before tax of at least A$1,500,000 during the period from **Completion** until the date that is 24 months after **Completion**.	On or before the date that is 24 months after **Completion** (Class B Milestone Date).	The share based expense was recognised in full during FY16. The Performance Rights vested on 29 June 2017 and will be converted to ordinary shares subsequent to the date of this report.

Livelynk Group comprises Livelynk group Pty Ltd, Mpire Media Pty Ltd and Mpire Network Inc.

Completion occurred on 29 June 2015.

(ii) Class C and Class D Performance Rights

During the year ended 30 June 2016, the Class C and Class D performance rights were issued to incentivise management of Appenture d.o.o (acquired on 1 June 2016). These performance rights were valued on grant date using the Black-Scholes model and taking into account the following assumptions:

	Class C	Class D
Dividend yield	0.00%	0.00%
Expected volatility	80.00%	80.00%
Risk-free interest rate	1.68%	1.68%
Probability at 30 June 2016 of the performance milestone being achieved	100%	100%

The vesting conditions, milestone dates and status of the Class C and Class D performance rights are set out below:

Class	Vesting condition	Milestone date	Status at 30 June 2017
Class C performance rights	The Class C performance rights vest on 1 June 2017 provided that, on or before that date, the holder has neither been summarily terminated by, nor has resigned as a full time employee or a non-executive director (as applicable) from, Appenture d.o.o.	1 June 2017	Vested during the year. The Class C performance rights were converted to ordinary shares and the remainder of the corresponding share based expense was recognised in full during the current year.
Class D performance rights	The Class D performance rights vest on 1 June 2018 provided that, on or before that date, the holder has neither been summarily terminated by, nor has resigned as a full time employee or a non-executive director (as applicable) from, Appenture d.o.o.	1 June 2018	Not yet vested. A portion of the share based expense was recognised during the current year.

17. ACCUMULATED LOSSES

	Consolidated	
	2017	2016
	$	$
Accumulated losses at the beginning of financial year	**(14,399,206)**	(10,752,641)
Net profit / (loss) for the year	**417,206**	(3,646,565)
Accumulated losses at the end of financial year	**(13,982,000)**	(14,399,206)

18. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, interest-bearing loans and borrowings, payables and cash and cash equivalents which arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk exposures and responses

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group generates income from interest on surplus funds.

At balance date, the Group did not have material exposure to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The only material cash balances denominated in a foreign currency held by the Group are cash amounts that are denominated in United States Dollars (USD). A summary of the AUD equivalent of the Group's cash balances at the reporting date is as follows:

	Consolidated	
	2017	2016
	$	$
USD balances		
Cash and cash equivalents	**7,903,774**	5,152,653
Net exposure	**7,903,774**	5,152,653

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. The reasonably possible changes in AUD / USD exchange rates used below were derived by reference to the maximum movement in historical exchange rates per year over the last 5 years.

At 30 June 2017, if exchange rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit / loss and pre-tax equity would have been affected as follows:

	Pre-tax profit higher / (lower) 2017	**Pre-tax loss (higher) / lower 2016**	**Pre-tax equity higher / (lower) 2017**	**Pre-tax equity higher / (lower) 2016**
	$	**$**	**$**	**$**
+11%	**869,419**	566,791	**869,419**	566,791
(11%)	**(869,419)**	(566,791)	**(869,419)**	(566,791)

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Translation risk

All USD denominated balance sheet accounts are converted to AUD at spot rate at year end. Group net assets are therefore sensitive to the exchange rate at year end. The reasonably possible changes in AUD / USD exchange rates used below were derived by reference to the maximum movement in historical exchange rates per year over the last 5 years.

At 30 June 2017, if the closing exchange rate for the year had moved, as illustrated in the table below, with all other variables held constant, net group assets before Australian group tax would have been affected as follows:

	Net group assets before Australian group tax higher / (lower)		Equity before group tax higher / (lower)	
	2017	2016	**2017**	2016
	$	$	**$**	$
11%	**931,715**	876,190	**931,715**	876,190
(11%)	**(931,715)**	(876,190)	**(931,715)**	(876,190)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily in relation to trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the customer's financial position, past working experience with the customer (if any) and any other applicable factors. Individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and followed up accordingly.

The requirement for any impairment is analysed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and funding to ensure that the Group can meet its obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group holds the majority of its financial assets as trade receivables with reputable customers who have had no payment issues in the past and hence, does not have any material liquidity risk at the reporting date.

All financial assets and liabilities have a maturity of less than 6 months and as such, further detailed analysis has not been provided.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

19. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Group as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	2017 $	**2016 $**
Within one year	**196,877**	192,529
After one year but not more than five years	**402,450**	519,694
More than five years	**-**	-
	599,327	712,223

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) Property, plant and equipment commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (2016: nil).

(d) Contingent liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (2016: nil).

20. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Tech Mpire Limited and the entities listed in the following table.

	Country of incorporation	% Equity interest 2017	% Equity interest 2016
Livelynk Group Pty Ltd[1]	Australia	**100**	100
Mpire Media Pty Ltd[2]	Australia	**100**	100
Mpire Network Inc.[2]	Canada	**100**	100
Appenture d.o.o[2]	Croatia	**100**	100

[1] equity interest is held directly by Tech Mpire Limited.

[2] equity interest is held directly by Livelynk Group Pty Ltd.

Transactions with related parties

During the year the Company entered into a consultancy agreement with Mr Hunter for the provision of business, sales and marketing advice. Under this agreement Mr Hunter was entitled to fees of $8,333 per month (exclusive of GST) with effect from 1 April 2017. This contract was terminated on 15 May 2017 when he was appointed Managing Director and Chief Executive Officer. Under the agreement Mr Hunter was paid consultancy fees of $11,957 (FY16: Nil).

During the period Mr Tsvetnenko was a director of the Company (29 June 2015 – 25 July 2016), the Group received the following fees from entities associated with Mr Tsvetnenko:

	2017 $	2016 $
Fees for the provision of office space and administration services.	**323**	44,291
Fees for the provision of accounting support	**-**	26,383

During the course of the 2014 and 2015 financial years, Mpire Media Pty Ltd provided funding to Irish incorporated Maroon Tech Limited (Maroon Tech), an entity associated with Mr Tsvetnenko. Maroon Tech provided performance based marketing services to advertisers located mainly in Europe. It had been the intention of the directors of Livelynk Group Pty Ltd (the parent entity of Mpire Media Pty Ltd) to acquire Maroon Tech and include it in the group of companies to be involved in a corporate transaction. However, Maroon Tech was unable to acquire a sufficient share of the European market. Consequently, it did not form part of the group involved in the corporate transaction with Tech Mpire completed 29 June 2015. Maroon Tech has ceased trading, and is unable to repay the loan funds provided by Mpire Media Pty Ltd. As a result, the balance owing of $194,514 was written off as a bad debt during FY16, resulting in a bad debt expense of $nil (FY16: $194,514).

During the year ended 30 June 2015, the Company entered into a consultancy agreement with Mr Wates for the provision of management services to the Company. Under this agreement, Mr Wates was entitled to fees of $25,000 per month (exclusive of GST) with effect from 1 April 2015. The consultancy arrangement with Mr Wates came to an end in July 2015. Under the agreement Mr Wates was paid fees of $nil (FY16: $18,750).

Capri Corporate, a consultancy service provider associated with Mr Wates' spouse, was engaged by the Company during the year ended 30 June 2015 to provide financial management services to the Company and was paid a fee of $1,667 per month (exclusive of GST). The engagement of Capri Corporate came to an end in July 2015. During the year the amount paid to Capri Corporate was $nil (FY16: $1,667).

Guarantees

There have been no guarantees provided or received for any related parties.

21. EVENTS AFTER BALANCE SHEET DATE

The Board has confirmed that the Class B Performance Rights vested on 29 June 2017. The 7,500,000 performance rights will be converted to shares subsequent to the date of this report. The cost has already been fully expensed in FY16. For further details refer to Note 16.

No other event has arisen since 30 June 2017 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

22. AUDITORS' REMUNERATION

Remuneration of the Group's auditor, Ernst and Young , was as follows:

	Consolidated	
	2017 $	2016 $
Audit or review of the financial report	**69,254**	72,110
Non-audit services provided	**66,913**	52,968
	136,167	125,078

23. EARNINGS / LOSS PER SHARE

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2017	**2016**
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings / (loss) per share	**65,776,070**	61,038,261
Weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share	**76,768,581**	61,038,261
	$	$
Basic and diluted profit /(loss) attributable to ordinary equity holders of Tech Mpire Limited	**417,206**	(3,646,565)
	Cents	Cents
Basic earnings / (loss) per share	**0.63**	(5.97)
Diluted earnings / (loss) per share	**0.54**	(5.97)

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings / (loss) per share.

Classification of securities as potential ordinary shares

In the prior year, no securities were classified as dilutive potential ordinary shares on issue because the unlisted options and performance rights on issue were considered anti-dilutive on the basis that their inclusion in the calculation would reduce the loss per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

24. DIRECTORS AND EXECUTIVE DISCLOSURE

(a) Compensation of key management personnel

	Consolidated	
	2017 $	2016 $
Short-term employee benefits	**1,781,885**	1,460,680
Post-employment benefits	**76,295**	48,964
Other long-term benefits	**13,086**	2,652
Share based payments	**196,557**	4,248,788
	2,067,823	5,761,084

25. PARENT ENTITY INFORMATION

The following information relates to the legal parent entity of the Group, being Tech Mpire Limited. The information presented has been prepared using consistent accounting policies as presented in Note 2.

	As at 30 June 2017 $	As at 30 June 2016 $
Financial Position		
Assets		
Current assets	**6,514,409**	426,455
Non-current assets	**2,909,283**	10,378,271
Total assets	**9,423,692**	10,804,726
Liabilities		
Current liabilities	**415,217**	484,984
Non-current liabilities	**49,246**	33,461
Total liabilities	**464,463**	**518,445**
Net assets	8,959,229	**10,286,281**
Equity		
Contributed equity	**13,925,133**	13,911,803
Share based payment reserve	**3,781,958**	3,579,846
Accumulated losses	**(8,747,862)**	(7,205,368)
Total equity	**8,959,229**	10,286,281
Financial Performance		
Loss for the year	**(1,542,494)**	(5,331,303)
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,542,494)**	(5,331,303)

In the Directors' opinion:

(a) The financial statements and notes of Tech Mpire Limited set out on pages 32 to 67 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the financial year ended on that date, and

(b) Note 2(a)(i) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the board

Lee Hunter
Managing Director

Perth, Western Australia
Dated this 29th day of August 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Tech Mpire Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Tech Mpire Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Revenue recognition

Why significant	How our audit addressed the key audit matter
Revenue is an important measure by which to assess the performance of the Group and therefore we considered revenue recognition as a key audit matter. The Group's business model is performance-based whereby advertising revenue is earned at the point when a defined conversion is achieved. Conversions are measurable goals such as subscription for a service, sale of a product, installation of software and mobile applications, registration of a customer, or other quantifiable targets. There is a risk of improper revenue recognition, particularly with regard to the accuracy of conversions tracked by the Group, using their IT tracking platform and the increasing volume of data processed during the year. The Group's disclosures about revenue recognition and related receivables from advertisers as at 30 June 2017 are included in the significant accounting policies in Note 2(l) as well as in Note 4.	We performed the following audit procedures around revenue recognition: ▸ We obtained an understanding of the contracts, invoicing and customer receipting process. ▸ We assessed the Group's accounting treatment of revenue recognised and whether this was in accordance with Australian Accounting Standard – AASB 118 *Revenue* and tested a sample of revenue transactions by agreeing to underlying sales invoices and cash received from the respective customers, and assessed the appropriateness of any accrued revenue recognised at year-end. ▸ We tested a sample of revenue transactions both prior to and subsequent to balance date to assess whether revenue had been recognised in the appropriate accounting period. We performed analytical procedures on revenue transactions recognised during the year compared to set expectations, as well as ratio analysis on margins and analysis on other direct costs such as commission expenses. Where material or unusual variances were identified we obtained supporting evidence.

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2. Income taxes

Why significant	How our audit addressed the key audit matter
Income taxes is a key audit matter because the assessment process is complex and the amounts involved are material to the financial report as a whole. There is significant judgment in accounting for income taxes particularly in light of the number of jurisdictions in which the Group operates, which give rise to complexity and uncertainty in the calculation of income taxes. The evaluations of areas of tax risk, and the recognition and recoverability of deferred tax assets in respect of tax losses, were significant to our audit because the assessment requires significant judgment and is based on assumptions that are affected by uncertain future events. The Group's disclosures about taxation are included in the significant accounting policies in Note 2(n), Note 2(y) as well as in Note 6.	We performed the following audit procedures in assessing the income tax positions: ► We assessed the tax calculations for the Group's material legal entities and agreed these to supporting documentation. ► We assessed the recoverability of deferred tax assets recognised and considered the Group's assessment of not recognising further deferred tax assets on the basis the Group does not have taxable temporary differences available that support the recognition of these losses. ► We involved our local and international tax specialists to assess the tax positions and tax risks. ► We assessed the adequacy of tax disclosures and presentation in the financial report and whether this complied with Australian Accounting Standards.

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3. Share-based payments

Why significant	How our audit addressed the key audit matter
During the year ended 30 June 2017, the Group issued 1,500,000 unlisted options to three directors. There were no vesting conditions attached and these options expire in March 2020. The Group used the Black Scholes model in valuing the options and performed calculations to record the related share based payment expense in the consolidated statement of profit or loss. As there were no vesting conditions, the total expense amount of $196,557 has been recorded in the current financial period. Due to the complex and judgmental estimates such as volatility, used in determining the valuation of the share based payments and vesting expense, we considered the Group's calculation of the share based payment expense to be a key audit matter. The Group's disclosures about share based payments are included in the significant accounting policies in Note 2(w), Note 2(y) as well as in Note 16.	We performed the following procedures in assessing the treatment for the options issued: ▶ We assessed whether the assumptions used in the Group's calculation, including volatility, were appropriate and that the calculation was in accordance with Australian Accounting Standard - AASB 2 *Share Based Payments*. We involved our valuation specialists in performing these procedures. ▶ We assessed the adequacy of the share based payment disclosure in the financial report.

Information other than the financial report and auditor's report thereon

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' responsibilities for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

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

In our opinion, the Remuneration Report of Tech Mpire 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.

Ernst & Young

Ernst & Young

G Lotter
Partner
Perth
29 August 2017

CORPORATE GOVERNANCE

A statement outlining the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is located on the Company's website: https://www.techmpire.com/about-us/corporate-governance/

SECURITY HOLDING

The security holding information outlined below is current as at 15 August 2017.

1. Substantial shareholders

Details of the Company's substantial shareholders are outlined below:

Substantial holders	Number of shares	Number of options	Number of Class B Performance Rights	Voting interest
MC Management Group Pty Ltd	6,551,676	6,500,000	-	9.96%
Zhenya Holdings Pty Ltd	6,400,000	-	3,600,000	9.73%
K2 Asset Management Ltd (registered holder :HSBC Custody Nominees Australia Ltd)[1]	4,256,157	-	-	6.47%

[1] As per substantial shareholder notice dated 1 August 2016.

2. Number of holders of each class of equity security

Ordinary fully paid shares

There are 777 holders of ordinary fully paid shares.

Each shareholder is entitled to one vote per share. In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

There are 7 holders of the 8,500,000 unlisted options on issue. There are no voting rights attached to these options.

Performance rights

There are 3 holders of the 7,500,000 unlisted Class B Performance Rights on issue. There are 2 holders of the 33,332 unlisted Class D Performance Rights on issue. There are no voting rights attached to these performance rights.

3. Distribution schedules

Shareholders

Spread of holders	Number of shareholders	Number of shares
1 – 1,000	33	11,272
1,001 – 5,000	119	352,482
5,001 – 10,000	121	1,051,121
10,001 – 100,000	426	15,112,168
Over 100,000	78	49,280,626
Total on register	**777**	**65,807,669**

3. **Distribution schedules (continued)**

Option holders

Spread of holders	Number of option holders	Number of options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	1	75,000
Over 100,000	6	8,425,000
Total on register	**7**	**8,500,000**

Performance right holders

Spread of holders	Number of Class B Performance Rights holders	Number of Class B Performance Rights	Number of Class D Performance Rights holders	Number of Class D Performance Rights
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	2	33,332
Over 100,000	3	7,500,000	-	-
Total on register	**3**	**7,500,000**	**2**	**33,332**

4. **Restricted Securities**

As at 15 August 2017, there are no securities subject to escrow restrictions.

5. **Top 20 shareholders**

	Holder Name	Number	% of Issued Capital
1	HSBC CUSTODY NOM	7,731,787	11.75%
2	ZHENYA HLDGS PL (ZHENYA HLDGS A/C)	6,400,000	9.73%
3	MC MGNT GRP PL (MC A/C)	5,000,000	7.60%
4	CITICORP NOM PL	2,364,422	3.59%
5	H CUNNOLD PL	2,100,000	3.19%
6	MC MGNT GRP PL	1,551,676	2.36%
7	INTNL MEDIA MARKETING INC	1,300,000	1.98%
8	TAYLOR LUKE (TAYLOR FAM A/C)	1,300,000	1.98%
9	UPSKY EQUITY PL (UPSKY INV A/C)	1,287,077	1.96%
10	RECO HLDGS PL (RECO S/F A/C)	1,150,000	1.75%
11	ALEXANDER PETER + S (PA & SA S/F A/C)	1,130,000	1.72%
12	MACKINNON BARRY J + P A (BJ & PA MACKINNON)	1,109,477	1.69%
13	GIOVANNI NOM PL (GIOVANNI FAM A/C)	1,100,000	1.67%
14	LEO BARRY PL	775,609	1.18%
15	CHIN KUEK WEI	770,000	1.17%
16	CAMERON SARAH	510,000	0.77%
17	HUI TITUS XIEN TAT	500,000	0.76%
18	MCDONELL RODNEY J + G	500,000	0.76%
19	SMAC NOM PL (SMAC INV A/C)	466,000	0.71%
20	LTL CAP PL (LTL CAP TRADING A/C)	450,000	0.68%
	Total	**37,496,048**	**56.98%**

6. **Marketable parcels**

   There are 61 shareholders with less than a marketable parcel of $500 based on a share price of 28 cents.

7. **Use of funds raised**

   For the period commencing when the Company was readmitted to quotation on ASX on 7 July 2015 up to the date of this report, the Company has used the cash raised under its prospectus dated 20 May 2015 in a manner that is consistent with its business objectives as set out in the prospectus.

TechMpire

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