DUBBER CORPORATION LIMITED

ABN 64 089 145 424

Annual Report
30 June 2018

Corporate Directory

Board of Directors
Peter Clare
Non-Executive Chairman

Steve McGovern
Managing Director

Peter Pawlowitsch
Non-Executive Director

Gerard Bongiorno
Non-Executive Director

Ian Hobson
Company Secretary

Share Registry
Automic Registry Services (Automic Pty Ltd)
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone +61 8 9324 2099
Facsimile +61 8 9321 2337

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Securities Exchange
Dubber Corporation Limited shares are
listed on the Australian Securities Exchange

ASX Code: DUB

Principal Place of Business and Registered Office
Level 5, 2 Russell Street
Melbourne VIC 3000

Telephone: +61 3 8658 6111
Facsimile: +61 3 8080 6466
Website: www.dubber.net/investors

Solicitor
Milcor Legal
Level 1, 6 Thelma Street
West Perth WA 6005

Banker
Westpac Banking Corporation Limited
150 Collins Street
Melbourne VIC 3000

Chairman's Letter

Dear Shareholders

Since joining Dubber in December 2017, almost half way through the 2018 financial year, I have been impressed with the growth, development and potential of the Company, which has resulted in a successful year from a strategic and operational perspective.

The Dubber product offering comprises a unique 'Platform as a Service' (PAAS) targeted at the international telecommunications service provider sector. The Dubber Platform enables the telecommunications service provider to offer a totally scalable call recording service and the ability to capture voice data across the entire service provider's network. Voice data is a content rich asset which has not been captured before in such a fashion and provides for the integration of applications which can use that data for insights such as those delivered by Artificial Intelligence resulting in significant commercial benefits. Dubber's own intelligence suite 'Zoe' provides a set of analytic tools which extract the insights of the data in the recorded calls and present telecommunication service providers and their end users with strong and enduring commercial opportunity.

The Company's key areas of focus for the 2018 financial year were:

- *Increase the number of active users of the service quarter on quarter*
  This was achieved growing from 8,606 to 29,405, a 241% increase over the year;

- *Increase revenue from users of the Dubber Platform*
  This was achieved growing from $510,817 to $1,502,734, a 194% increase over the year;

- *Expanding the global footprint through partnering with telecommunication service providers*
  This was achieved growing from 22 to 38, a 73% increase over the year.

The Dubber Platform and business plan aspire to;

- Disrupt an existing hardware based, multi-billion dollar call recording industry with a highly scalable, PAAS 'Op-Ex' model.

- Expand the use case and revenue opportunities from mandated 'always on' compliance recording for every call, to transactional 'On Demand' recordings to deliver customer insights and commercial benefit.

- Create a content rich historical data base from which users extract insight and meet future regulatory demands.

During the year, Dubber gained endorsement by some of the largest voice related organisations, globally, in these three key areas.

1. AT&T, the world's largest telecommunications carrier, deployed the Dubber platform to its unified communications offering, AT&T Collaborate.

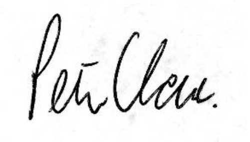
2. BroadSoft Inc (a Cisco company) has the global leading Cloud telecommunications platform BroadCloud, which services telecommunications service providers worldwide. Dubber is the core recording and data capture service in their offering, including the deployment of an 'On-Demand' service. It is anticipated that via BroadCloud, Dubber will soon be enabling hundreds of telecommunications carriers and service providers globally.

3. CDK Global, the world's largest provider of insights and analytics to the automotive industry, with over 28,000 car dealership customers, deployed Dubber to capture call data and provide insights via Dubber's intelligence suite 'Zoe'.

The Company's strategy of growing globally through partnering with telecommunications service providers and other channel partners is robust and delivering results. Operationally, over the next financial year, the Company will continue to focus on increasing active users (and monthly recurring revenue) and increase the global footprint.

On behalf of the Board, I would like to thank all staff and contractors for their contribution to the continuing growth and development of the Company. I would also like to thank our shareholders for their continued support.

Yours faithfully,



Peter Clare
Chairman

Review of Operations

Investment highlights

- Increased active number of users by 241% to just under 30,000
- Increased revenue from users by 194% to $1.5m
- Expanded global footprint by 73% to 38 telecommunications providers
- Adopted by three of the world's largest players in 3 target sectors (AT&T, BroadSoft, and CDK Global), who have deployed Dubber's offering across their operations during FY18
- The implications of the BroadSoft partnership are significant, and will result in a significant increase in Dubber's user numbers and an expansion of the call recording market
- Dubber is well-positioned to achieve continued growth of users, revenue and global footprint in FY19 and beyond

Endorsement from Global Leaders

The Dubber Platform and business plan will:

- Disrupt an existing hardware based, multi-billion-dollar call recording industry with a highly scalable, 'Op-Ex' model which could find its ultimate opportunity in the telecommunications carrier sector, as that is the source of all calls.
- Expand the use case and revenue opportunities from 'always on' compliance recording for every call, to a transactional 'On Demand' opportunity with unlimited benefits for every business.
- Create a content rich database from which users would seek to extract value, using the content within the calls to drive insights, outcomes and business value.

During the year, Dubber gained endorsement from some of the world's largest organisations globally, in 3 market sectors.

- AT&T, the world's largest telecommunications carrier, deployed the Dubber platform to its unified communications offering, 'AT&T Collaborate'.
- BroadSoft, Inc., owner of the global leading Cloud telecommunications platform BroadCloud, which services their many telecommunications service providers worldwide. Dubber is the core recording and data capture service in their offering.
- CDK Global, the world's largest provider of insights and analytics to the automotive industry, with over 28,000 car dealership customers, deployed Dubber in order to capture calls and provide insights via Dubber's intelligence suite 'Zoe'.

All three services have now gone live and are expected to be cornerstone agreements for the Company in the coming financial year.

Continued Growth in End Users

During the year, the Company achieved growth in active users from the agreements procured in the last two years, predominantly in Europe and North America. These active users represent customers who have taken the service predominately for compliance and regulatory reasons.

Therefore, the Company believes that it is still at an embryonic stage in its penetration of the ultimate addressable market.

As at 30 June 2018, there were 29,405 active users, representing annual growth of 241%.

The trend within telecommunication Service Providers (SPs) is continuing its move towards the provision of Unified Communications platforms (UC) and Cloud Services, and the ability to capture voice data is a core requirement;

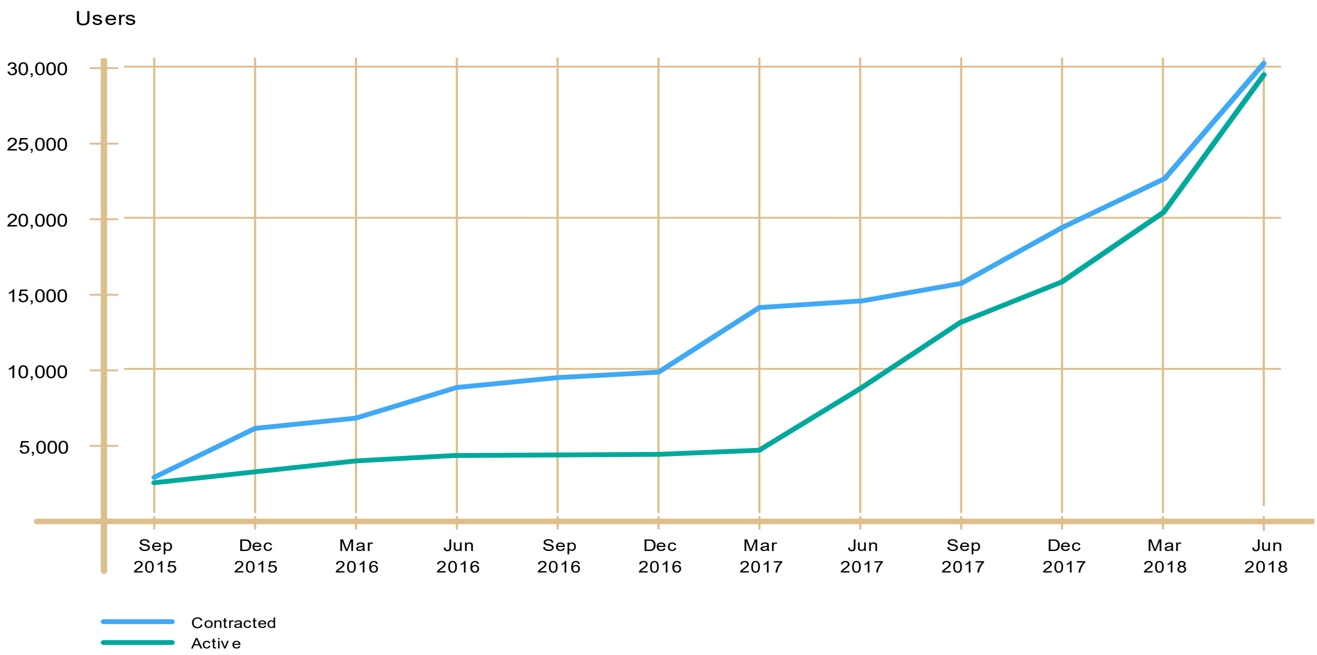
1) Customers in certain sectors cannot move to these UC platforms, for compliance reasons, unless call recording is available,
2) Cloud Services such as analytics and insights rely on this data.

Dubber is using its unique architecture to deliver a call recording and data capture platform for these telecommunication SPs, with the delivery of this service at a price point where it will enable the provision of call recording to a much larger portion of the telecommunication SP customer base. The capability to capture voice data directly from the telecommunications network provides the opportunity for customers of all sizes to gain valuable insights from all conversations. Over time it will enable a telecommunications SP to build strategies around further monetising the calls which go across its network.

Dubber views the potential market of call recording customers in the following way:

1. Compliance and regulatory
    a. This is the main reason why people currently record calls and this market is growing due to changes in regulation in many markets.
2. Analytics
    a. Previously the domain of large organisations due to the large capital cost of implementing these systems, the ability to ingest these services from a customer's telecommunications SP extends the global addressable market to businesses of all sizes and, ultimately, even to individuals.
3. General day to day activities beyond compliance
    a. Dubber's on-demand product and Playback function grows the marketplace to all phone connections which are enabled.
    b. The ability to immediately record a call as part of a telephony experience extends the use cases to all businesses and individuals.

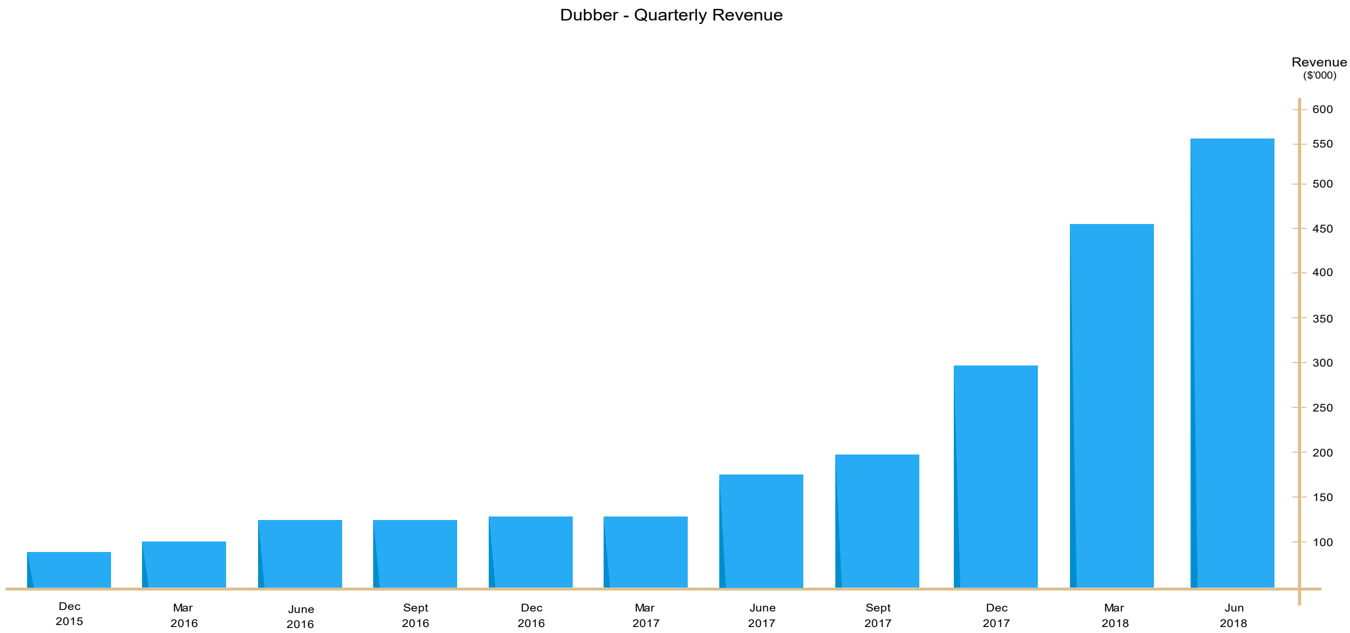
Dubber - Historical User Growth



Revenue Growth follows User Growth

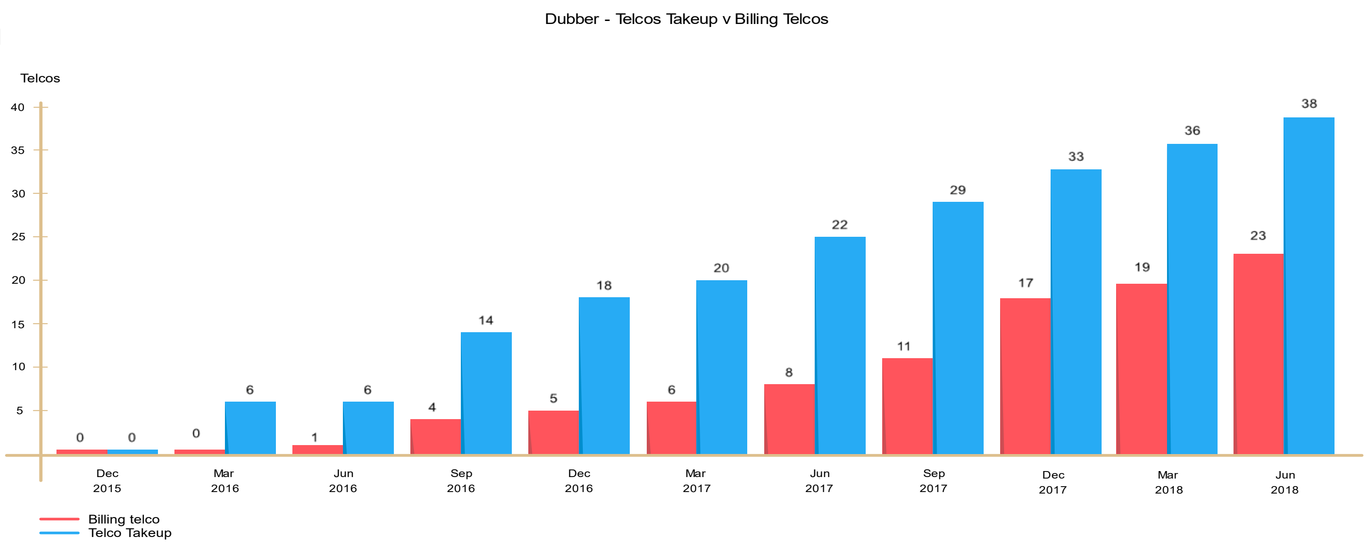
The Company achieved its stated aim of growing revenue quarter on quarter throughout the year, as shown in the graph below.

Continued growth in user numbers at significantly increasing rates meant that the last two months of the financial year saw record uptake, the revenues from which will flow into Q1 FY2019 in line with standard billing cycles and commercial terms.



Expanding the Global Footprint

The Company continues to grow the number of telecommunications service providers that are/will be deploying the Dubber Platform as part of expanding the Company's global footprint. At 30 June 2018, 38 telecommunications carriers have agreed to implement the Dubber Platform compared with 22 at the end of the previous financial year. Of these, 23 telecommunications service providers are being billed by Dubber compared with 8 at 30 June 2017.



During the year, the company signed agreements with some of the world's largest telecommunications carriers for the provision of the Dubber platform as part of their core network infrastructure. Once connected, Dubber becomes a key data capture platform onto which other customer services are integrated and built, providing the Company with continued commercial opportunity and longevity.

Connected to the BroadCloud Platform

BroadCloud is the world's leading Cloud Telecommunications Platform for Service Providers enabling telecommunications service providers to connect customers to a feature-rich 'one-stop shop' for required services. On 30 July 2018, the Dubber service was connected to the BroadCloud platform as the recording and data capture feature. This now enables telecommunications service providers to provide a world-leading product whereby every user can record and manage a call 'on the fly' as a standard feature via the Dubber platform.

'Dubber's call recording and data capture services will form part of our core BroadSoft Business cloud PBX and unified communication applications and the underlying highly scalable BroadCloud platform…'
Chief Digital Marketing Officer, BroadSoft (August-2017)

The implications for the Company are anticipated to be significant and include the following;

- User numbers will increase substantially due to 'On Demand' enabled customers with revenues generated by every 'On Demand' user on the platform, globally.
- BroadSoft's global account management team has been trained on the service
- The Company will also be engaging directly with each telecommunications service provider through an endorsed introduction from BroadSoft with the opportunity to procure direct agreements which may extend to including the Dubber Platform into other networks being operated by the service provider.
- BroadSoft has publicised that there is in excess of 650 telecommunications service providers using BroadWorks, its infrastructure based UC offering. A rapidly growing number of these service providers have deployed or agreed to deploy the BroadCloud platform globally, thereby automatically enabling the Dubber Service.

Expansion of the Call Recording Market

The Company believes that the deployment of the Dubber Platform as an 'On Demand' offering through BroadCloud is the first step in expanding the market for call recording in two ways:

1. General day to day activities; due to the instant availability and low cost of recording a call, this will open up many new user cases for using call recording extending the potential market to all phone connections.
2. Analytics; by removing the large capital cost thereby enabling every customer to be able to gain valuable insights from the data generated from the voice calls within their organisation.

Moving forward, the Company will be focussing on developing these use cases which have the potential for forming habits whereby an individual or business can push a button to record a call as part of its standard operating practice.

The Company also believes that a proportion of those individuals and/or businesses who start to record calls 'On Demand', will become more regular users. This will potentially move them into a variety of bundle plans up to the Company's standard 'Reserved User' model whereby every call is captured, not for the purpose of being replayed and listened to, but for the value embedded in the call data.

Outlook

The Company's continued focus is to;

1. Increase the number of active users of the service quarter on quarter;
2. Increase revenue from users of the Dubber Platform; and
3. Increase the global footprint across telecommunication service providers thereby enabling the Company's unique platform to demonstrate the value of capturing and analysing voice data on a global scale.

Directors' Report

Your directors present their report of Dubber Corporation Limited and its controlled entities (the Group) for the financial year ended 30 June 2018.

DIRECTORS

The names of the directors of the Company in office during the financial year and up to the date of this report are as follows:

Steve McGovern	Managing Director
Peter Clare	Non-executive Chairman (appointed 1 December 2017)
Peter Pawlowitsch	Non-executive Director
Stephe Wilks	Non-executive Director (resigned 30 August 2017)
Gerard Bongiorno	Non-executive Director (appointed 2 July 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director are as follows:

Mr Steve McGovern	**Managing Director**
Experience	Mr McGovern is a founder of Dubber Pty Ltd. He has over 25 years' experience in the fields of telecommunications, media sales, pay TV and regulatory. Mr McGovern has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus.
Interest in Shares and Options/Rights at the date of this report	• 5,944,696 ordinary shares • 750,000 performance rights with milestone expiring 31 December 2018 • 750,000 performance rights with milestone expiring 30 June 2019 All shares and options/rights are held indirectly.
Directorships held in other listed entities in the past three years	• Linius Technologies Limited (April 2016 – present)

Mr Peter Clare	**Non-executive Chairman (appointed 1 December 2017)**
Experience	Mr Clare is a highly experienced senior executive having held roles with Westpac which include Chief Operating Officer and CEO of Westpac New Zealand with a career in banking spanning 20 years. Mr Clare has held Group Executive roles at Commonwealth, Westpac and St. George Banks with responsibility for Strategy, Mergers and Acquisitions, Product, Operations, Technology, Property and Procurement. Whilst at Commonwealth Bank he led the Colonial Bank acquisition Merger Integration Team reporting to the CEO. His background also includes Insolvency Accounting and Management Consulting. Mr Clare's qualifications include a BCom and MBA.

Interest in Shares and options at the date of this report	• 765,000 ordinary shares held indirectly
Directorships held in other listed entities in the past three years	• Scottish Pacific Group Limited (December 2014 – present) • Change Financial Limited (April 2015 – August 2018) • Reffind Limited (April 2015 – November 2016) • Rubik Financial Limited (July 2016 – May 2017)

Mr Peter Pawlowitsch	**Non-executive Director**
Experience	Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a current member of the Certified Practising Accountants of Australia and also holds a Master of Business Administration from Curtin University. These qualifications have underpinned more than fifteen years' experience in the accounting profession and more recently in business management and the evaluation of businesses and mining projects.
Interest in Shares and Options at the date of this report	• 3,146,191 ordinary shares held indirectly
Directorships held in other listed entities in the past three years	• Ventnor Resources Limited (February 2010 – present) • Department 13 International Limited (January 2012 – December 2015) • Knosys Limited (March 2015 – present) • Novatti Group Limited (June 2015 – present) • Rewardle Holdings Limited (May 2017 – present)

Mr Stephe Wilks	**Non-executive Director (resigned 30 August 2017)**
Experience	Mr Wilks has over 20 years of experience with technology companies both within Australia and overseas. He has held CEO and senior executive positions with BT Asia Pacific, Optus, Hong Kong Telecom, Nextgen networks and Personal Broadband Australia. He was also a consulting director with investment bank NM Rothschild. Mr Wilks is on the advisory board of the Network Insight Group and consults to a number of companies in the media and technology industries.
Interest in Shares and Options at the date of resignation	Nil.
Directorships held in other listed entities in the past three years at the date of resignation	• TPC Consolidated Limited (April 2007 – August 2014) • Bulletproof Group Limited (January – September2015) • Datadot Technology limited (February 2016 – present)

Mr Gerard Bongiorno	**Non-executive Director (appointed 2 July 2017)**
Experience	Mr Bongiorno is Principal and Co-CEO of Sapient Capital Partners, a merchant banking operation and has over 30 years of professional experience in capital raisings and corporate advisory. Prior to forming Sapient (formerly Otway Capital), Gerard was Head of Property Funds Management at Challenger Financial Services Group (CFG) and was Group Special Projects Manager at Village Roadshow. Earlier in his career he worked at KPMG in insolvency and corporate Finance. Gerard received his Bachelor Degree in Economics and Accounting from Monash University and the Program for Management development at Harvard Business School PMD75.
Interest in Shares and options at the date of this report	• 792,111 ordinary shares held indirectly
Directorships held in other listed entities in the past three years	• Linius Technologies Limited (February 2017 – present)

Company Secretary
Mr Ian Hobson, the Company Secretary since 17 October 2011 holds a Bachelor of Business degree and is a Chartered Accountant and Chartered Secretary. Mr Hobson provides company secretary services and corporate, management and accounting advice to a number of listed public companies.

CORPORATE INFORMATION

Corporate Structure
Dubber Corporation Limited is a limited liability company that is incorporated and domiciled in Australia. Dubber Corporation Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Dubber Corporation Ltd	-	parent entity
Medulla Group Pty Ltd	-	100% owned controlled entity
Dubber Pty Ltd	-	100% owned controlled entity
Dubber Ltd (UK)	-	100% owned controlled entity
Dubber USA Pty Ltd	-	100% owned controlled entity
Dubber, Inc.	-	100% owned controlled entity

Principal Activities
The principal continuing activities of Dubber Corporation Limited and its controlled entities consisted of provision of call recording and audio asset management in the cloud.

OPERATING AND FINANCIAL REVIEW

Review of Operations
A review of operations for the financial year and the results of those operations is contained within the review of operations preceding this report.

Operating Results
The loss from ordinary activities after providing for income tax amounted to $11,319,101 (2017: $9,853,902).

Financial Position

At 30 June 2018 the Group had net assets of $10,900,058 (2017: $7,348,522) and cash reserves of $5,673,548 (2017: $857,777).

Dividends

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year are detailed in the review of operations.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years, other than outlined in the review of operations preceding this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to pursue its principal activity of rolling out and developing its cloud based call recording and audio asset management platform.

MEETINGS OF DIRECTORS

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

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Mr Steve McGovern	12	12
Mr Peter Clare (appointed 1 December 2017)	8	8
Mr Peter Pawlowitsch	12	11
Mr Stephe Wilks (resigned 30 August 2017)	2	2
Mr Gerard Bongiorno (appointed 2 July 2017)	11	10

REMUNERATION REPORT (Audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

The following persons were directors of Dubber Corporation Limited during the financial year:

Steve McGovern	Managing Director
Peter Clare	Non-executive Chairman (appointed 1 December 2017)
Peter Pawlowitsch	Non-executive Director
Stephe Wilks	Non-executive Director (resigned 30 August 2017)
Gerard Bongiorno	Non-executive Director (appointed 2 July 2017)

Other persons that fulfilled the role of a key management person during the year, are as follows:

James Slaney	General Manager
Chris Jackson	Chief Technology Officer
Adrian Di Pietrantonio	General Manager, Channels

Overview of remuneration policies

The Board as a whole is responsible for considering remuneration policies and packages applicable both to directors and executives of the Consolidated Entity.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including directors of the Company and other executives. Key management personnel comprise the directors of the Company, and executives for the Company and the Consolidated Entity including the key management personnel.

Broadly, remuneration levels for key management personnel of the Company and key management personnel of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives and reward the achievement of strategic objectives. The Board has not obtained independent advice at this time on the appropriateness of remuneration packages of both the Company and the Consolidated Entity.

Remuneration packages consist of fixed remuneration including base salary, employer contributions to superannuation funds and non-cash benefits.

The Company has a variable remuneration package for directors, which involves Performance Rights. This plan allows directors to convert Performance Rights to fully paid ordinary shares for nil cash consideration, subject to performance based vesting conditions.

Bonuses were paid to Mr Steve McGovern ($150,000) and Mr Adrian Di Pietrantonio ($50,000). Mr McGovern's bonuses are awarded for achieving key performance indicators as determined by the Board on a six monthly basis. The bonuses for Mr Pietrantonio were paid for achieving key performance indicators set by the Managing Director for achieving sales and operating targets.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicle), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Consolidated Entity. The Board has regard to remuneration levels external to the Consolidated Entity to ensure the directors' and executives' remuneration is competitive in the market place.

Executive directors are employed full time and receive fixed remuneration in the form of salary and statutory superannuation or consultancy fees, commensurate with their required level of services.

Non-executive directors, unless otherwise specified by any non-executive and consultancy service agreement in place, receive a fixed monthly fee for their services. Where non-executive directors provide services materially outside their usual Board duties, they are remunerated on an agreed retainer or daily rate basis.

Service agreements

It is the Consolidated Entity's policy that service agreements for key management personnel are unlimited in term but capable of termination on 3 months' notice and that the Consolidated Entity retains the right to terminate the service agreements immediately, by making payment equal to 3 months' pay in lieu of notice.

The service agreement outlines the components of compensation paid to key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed annually on a date as close as possible to 30 June of each year to take into account key management personnel's performance.

Certain key management personnel will be entitled to bonuses as the Board may decide in its absolute discretion from time to time, to a maximum of 50% of the key management personnel's annual base salary per annum.

Non-Executive Directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2014 Annual General Meeting, is not to exceed $500,000 per annum and has been set at a level to enable the Company to attract and retain suitably qualified directors. The Company does not have any scheme relating to retirement benefits for non-executive directors.

Relationship between the remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based rights subject to performance based vesting conditions, and the second being the issue of options or shares to key management personnel to encourage the alignment of personal and shareholder interests.

Share-based payment arrangements

Options

The Company operates an Employee Share Option Plan ("ESOP") for executives and senior employees of the Consolidated Entity. In accordance with the provisions of the ESOP, executives and senior employees may be granted options to purchase ordinary shares at an exercise price to be determined by the Board with regard to the market value of the shares when it resolves to offer the options. The options may only be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable to the Company by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined by the Board.

To date, options granted under the ESOP expire within thirty six months of their issue. The options vest in three equal tranches on each of the three consecutive annual vesting dates. The options are not exercisable until the vesting date provided the participant is an employee at the relevant vesting date.

Shares

The directors, at their discretion, may issue shares to participants under the Employee Share Plan ("ESP") at any time, having regard to relevant considerations such as the participant's past and potential contribution to the Company, and their period of employment with the Company. Directors of the Company, full-time employees and part-time employees of the Group who hold a salaried employment or office in the Group, are eligible to participate in the ESP.

Plan shares may be issued at an issue price to be determined by the Board, which may be a nominal or nil issue price if so determined by the Board. The number of plan shares issued is determined by the Board.

The plan shares are issued on the same terms as the fully paid ordinary shares of the Company and rank equally with all of the Company's then existing shares.

The Board may impose conditions in an offer of plan shares that must be satisfied (unless waived by the Board in its absolute discretion) before the plan shares to which the condition applies can be sold, transferred, assigned, charged or otherwise encumbered.

Where a restriction condition in relation to plan shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board:

a) Where the plan shares were issued for no cash consideration, buy back the relevant plan shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) at a price equal to $0.0001 per share; or
b) Where the shares were issued for cash consideration, use its best endeavours to buy back the relevant plan shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) at a price equal to the cash consideration paid by the participant for the plan shares.

To date, plan shares offered under the ESP vest in three equal tranches on each of the three consecutive annual vesting dates. The shares are not issued to the participant until the vesting date provided the participant is an employee at the relevant vesting date.

Loan Funded Shares

Key personnel and Directors selected by the Board at its discretion will be offered the opportunity to participate in the Loan Funded Share Plan. Loan funded shares offered under the plan may be issued to the participant or purchased on-market, at the discretion of the Board. It is the Board's present intention that loan funded shares will be issued to participants.

Participants will acquire loan funded shares at market value as at the grant date using a loan provided by the Company. The loan will be interest-free and limited recourse in accordance with the loan terms and the plan rules. The plan rules require the loan to be repaid before a participant can sell their shares.

The Board has the discretion to impose such vesting conditions in relation to the loan funded shares as it deems appropriate. These may include conditions relating to continued employment or service, performance (of the participant or the Company) and the occurrence of specific events.

A participant must not sell, transfer, encumber or otherwise deal with a loan funded share unless otherwise permitted under the plan or determined by the Board. The loan funded shares will not be quoted on ASX and, at the discretion of the Company, will be the subject of a "holding lock", restricting the participant's ability to trade the shares.

Forfeiture conditions apply at all times while each participant holds loan funded shares, such that the participant will forfeit their interest in the loan funded shares where the participant is determined by the Board to:

- be a leaver;
- be in breach of any terms of the loan; or
- fail to satisfy the vesting conditions.

Participants will be invited to purchase shares using loan funds under a loan agreement with the Company. The loan must always be repaid if the participant wishes to benefit from the shares. Participants only benefit from growth in share price.

The loan commences on the grant date and, subject to the Board's discretion to permit the loan to continue for a further specified period, must be repaid by the earliest of the following:

- five years from the grant date;
- the date the participant ceases employment, engagement or directorship with the Company;
- the date the loan funded shares are forfeited;
- the date the Board determines any of the vesting conditions will not be satisfied;
- the date the Company is wound up; or
- the date, other than above, that the participant and the Company agree to in writing.

The loan is interest-free and fee-free, and limited recourse. Limited recourse means the repayment amount will be the lesser of the outstanding loan value and the market value of the loan funded shares that were acquired using the loan. If the participant's loan funded shares are of lower value than the loan balance at the time that they are required to repay the loan, that participant's loan funded shares will be disposed of at market value and the proceeds applied in full satisfaction of the loan obligations.

The participant may repay the loan before the repayment date. The loan must be repaid in full (or arrangements for the repayment of the loan entered into to the satisfaction of the Board), and the vesting conditions satisfied, before the loan funded shares can be disposed of.

If dividends are paid by the Company on the participant's loan funded shares, the Company will apply the after-tax value of the dividends to the repayment of the loan.

When the loan is due for repayment, the Company may sell or buy-back some or all of the participant's loan funded shares to satisfy the outstanding loan balance. The proceeds from any sale or buy-back of the loan funded shares will be applied to repay the outstanding loan balance and any excess funds after costs and expenses will be returned to the participant if they are entitled to them under the terms of the plan rules and the loan.

To date, loan funded shares offered under the Loan Funded Share Plan vest in three equal tranches on each of the first, second and third anniversaries of the grant date, provided the participant has not ceased employment, engagement or directorship with the Company before the relevant vesting date.

Performance Rights
The Directors, at their discretion, may at any time invite eligible employees to participate in the Performance Rights Plan.

The eligible participants under the plan are full time and part time employees (including Directors) of the Company and its related bodies corporate or any other person who is declared by the Board to be eligible to receive a grant of performance rights under the plan (eligible employees). Subject to Board approval, an eligible employee may nominate a nominee to receive the performance rights to be granted to the eligible employee.

The plan is administered by the Directors, who have the power to:

(i) determine appropriate procedures for administration of the plan consistent with its terms;
(ii) resolve conclusively all questions of fact or interpretation in connection with the plan;
(iii) delegate the exercise of any of its powers or discretions arising under the plan to any one or more persons for such period and on such conditions as the Board may determine; and
(iv) suspend, amend or terminate the plan (subject to restrictions on amendments to the plan which reduce the rights of the participant in respect of any performance rights or shares already granted).

Performance rights will be granted for nil cash consideration, unless the Board determines otherwise (which will be no more than a nominal amount). No amount will be payable on the exercise of performance rights under the plan.

The plan does not set out a maximum number of shares that may be made issuable to any one person or company. The shares to be issued following the performance rights vesting conditions being satisfied, will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing shares. The Board may apply such further voluntary escrow on shares issued on conversion of performance rights as it shall determine appropriate.

The performance rights granted under the plan will be subject to vesting conditions determined by the Board from time to time and expressed in a written offer made by the Company to the eligible employee which is subject to acceptance by the eligible employee within a specified period. The vesting conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company or (iii) such other performance conditions as the Board may determine and set out in the offer. The Board determines whether vesting conditions have been met.

Performance rights will have an expiry date as the Board may determine in its absolute discretion and specify in the offer to the eligible employee.

The vesting conditions of performance rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the offer to the eligible employee. The Board shall have discretion to extend a milestone date.

Performance rights will not be listed for quotation. However, the Company will make application to ASX 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 provided that the transfer complies with the Corporations Act.

If a vesting condition of a performance right 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).

Under the plan, if the participant ceases to be an employee of the Company or of a related body corporate for any reason other than those reasons set out in the paragraph above, including (but not limited to) upon the retirement, total and permanent disability, redundancy, death of a participant or termination by agreement then in respect of those performance rights which have not satisfied the vesting condition but have not lapsed, then the participant shall be permitted to continue to hold those performance rights as if the participant was still an eligible employee except that any continuous service condition will be deemed to have been waived (unless the Board determines otherwise).

If, in the opinion of the Board, a participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company and its related bodies corporate or has done an act which has brought the Company or any of its related bodies corporate into disrepute, or the Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company Group, a participant is convicted of an offence in connection with the affairs of the Company Group or a participant has judgment entered against him in any civil proceedings in respect of the contravention of his duties at law in his capacity as an employee or officer of the Company Group, the Board will have the discretion to deem any performance rights to have lapsed.

If in the opinion of the Board, performance rights vested as a result of the fraud, dishonesty or breach of obligations of either the participant or any other person and in the opinion of the Board, the performance rights would not have otherwise vested; or the Company is required by, or entitled under, law to reclaim an overpaid bonus or other amount from a participant, then the Board may determine (subject to applicable law) any treatment in relation to the performance rights or shares to comply with the law or to ensure no unfair benefit is obtained by the participant.

If there is a change of control event in relation to the Company prior to the conversion of the performance rights, then all remaining milestones will be deemed to have been achieved and each performance right will automatically and immediately convert into shares, however, if the number of shares to be issued as a result of the conversion of all performance rights due to a change in control event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of performance rights to be converted will be prorated so that the aggregate number of shares issued upon conversion of all performance rights is equal to 10% of the entire fully diluted share capital of the Company.

Change of control event means:
(i) the occurrence of:
  (a) the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
  (b) that takeover bid has become unconditional; or
(i) the announcement by the Company that:
  (a) shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all shares are to be either (1) cancelled, or (2) transferred to a third party; and
  (b) the Court, by order, approves the proposed scheme of arrangement.

The Board may waive, amend or replace any vesting condition attaching to a performance right if the Board determines that the original vesting condition is no longer appropriate or applicable, provided that the interests of the relevant participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

There are no participating rights or entitlements inherent in the performance rights and participants will not be entitled to participate in new issues of capital offered to shareholders during the currency of the performance rights.

If the Company makes an issue of shares pro rata to existing shareholders there will be no adjustment to the number of shares which must be allocated on the exercise of a performance right.

If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of shares which must be allocated on the exercise of a performance right will be increased by the number of shares which the participant would have received if the performance right had vested before the record date for the bonus issue.

To date, performance rights offered under the Performance Rights Plan have milestones with an expiry date set as the vesting conditions.

Employment Details of Directors and other Key Management Personnel

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Steve McGovern	**Managing Director**
Agreement type:	Executive service agreement (MD Agreement)
Agreement commenced:	2 March 2015
Term of Agreement:	No fixed term
Remuneration:	Annual salary of $240,000 plus statutory superannuation.
Termination notice:	During the first 6 months of the MD Agreement, the Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice equal to the salary payable for the remainder of the first 6 months of the MD Agreement (subject to the limitation of the Corporations Act and Listing Rules). After this, the Company may terminate the agreement on 3 months' notice.

Peter Clare	**Non-executive Chairman**
Agreement type:	Letter of appointment
Agreement commenced:	1 December 2017
Term of Agreement:	No fixed term
Remuneration:	Annual fee of $100,000 plus statutory superannuation and reimbursement of all reasonable expenses incurred in performing the Chairman's duties. Subject to shareholder approval (received on 30 January 2018), up to 600,000 shares in the form of loan funded shares on the same terms and conditions applying to loan funded shares issued under the Loan Funded Share Plan.
Termination notice:	None specified.

Peter Pawlowitsch	**Non-executive Director**
Agreement type:	Letter of appointment
Agreement commenced:	1 December 2014
Term of Agreement:	No fixed term
Remuneration:	Annual fee of $100,000 plus statutory superannuation, plus reimbursement of all reasonable expenses incurred in performing the Non-executive Director's duties.
Termination notice:	In the event Mr Pawlowitsch is removed as a director by shareholders under the Corporations Act or Constitution, or is unable to perform his duties, he is entitled to receive a termination payment of 3 months' worth of his director's fee (subject to the limitation of the Corporations Act and Listing Rules).

Stephe Wilks	**Non-executive Director**
Agreement type:	Letter of appointment
Agreement commenced:	20 March 2017
Term of Agreement:	No fixed term (resigned 30 August 2017)
Remuneration:	Annual fee of $60,000 (inclusive of statutory superannuation) plus reimbursement of all reasonable expenses incurred in performing the Non-executive Director's duties.
Termination notice:	None specified.

Gerard Bongiorno	**Non-executive Director**
Agreement type:	Letter of appointment
Agreement commenced:	2 July 2017
Term of Agreement:	No fixed term
Remuneration:	Annual fee of $75,000 (inclusive of statutory superannuation) plus reimbursement of all reasonable expenses incurred in performing the Non-executive Director's duties. Subject to shareholder approval (received on 29 November 2017), up to 525,000 shares in the form of loan funded shares on the same terms and conditions applying to loan funded shares issued under the Loan Funded Share Plan.
Termination notice:	None specified.

James Slaney	**General Manager**
Agreement type:	Executive service agreement (GM Agreement)
Agreement commenced:	2 March 2015
Term of Agreement:	Same terms as termination notice below
Remuneration:	Annual salary of $200,000 plus statutory superannuation.
Termination notice:	Until the earlier of achievement of all the Vendor Performance Milestones or the first 27 months of the GM Agreement, the Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice equal to the salary payable for the remainder of the first 27 months of the GM Agreement. After this, the Company may terminate the agreement on 3 months' notice.

Chris Jackson	**Chief Technology Officer**
Agreement type:	Employment agreement (CTO Agreement)
Agreement commenced:	2 March 2015
Term of Agreement:	No fixed term
Remuneration:	Annual salary of $200,000 plus statutory superannuation.
Termination notice:	Standard 5 week notice periods for termination apply to the CTO Agreement in accordance with statutory requirements.

Adrian Di Pietrantonio	**General Manager, Channels**
Agreement type:	Executive service agreement (GMC Agreement)
Agreement commenced:	2 March 2015
Term of Agreement:	Same terms as termination notice below
Remuneration:	Annual salary of $200,000 plus statutory superannuation.
Termination notice:	Until the earlier of achievement of all the Vendor Performance Milestones or the first 27 months of the GMC Agreement, the Company may terminate the agreement on 3 months' notice, or by providing a cash payment in lieu of such notice equal to the salary payable for the remainder of the first 27 months of the GMC Agreement. After this, the Company may terminate the agreement on 3 months' notice.

Details of Remuneration for Year

Details of the remuneration of each director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

Director	Year	Short Term Benefits		Long Term Benefits	Post-Employment	Share Based Payments	Total	Remuneration consisting of options, rights or shares	Remuneration based on performance
		Salary and Fees	Cash Bonus	Annual & Long Service Leave	Superannuation	Options, Rights or Shares			
		$	$	$	$	$	$	%	%
Executive Directors:									
S McGovern	**2018**	**240,000**	a) **150,000**	**11,982**	**22,800**	c) **244,360**	**669,142**	**37**	**59**
	2017	240,000	60,000	13,016	22,800	-	335,816	-	18
Non-Executive Directors:									
P Clare (appointed 1/12/17)	**2018**	**58,333**	**-**	**-**	**5,542**	c) **79,017**	**142,892**	**55**	**-**
	2017	-	-	-	-	-	-	-	-
P Pawlowitsch	**2018**	**100,000**	**-**	**-**	**9,500**	**-**	**109,500**	**-**	**-**
	2017	100,000	-	-	9,500	-	109,500	-	-
S Wilks (appointed 20/3/17, resigned 30/8/17)	**2018**	**10,000**	**-**	**-**	**-**	**-**	**10,000**	**-**	**-**
	2017	16,935	-	-	-	-	16,935	-	-
G Bongiorno (appointed 2/7/17)	**2018**	**75,000**	**-**	**-**	**-**	c) **48,484**	**123,484**	**39**	**-**
	2017	-	-	-	-	-	-	-	-
K Richards (resigned 20/3/17)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	27,397	-	-	2,603	-	30,000	-	-
Other Key Management Personnel:									
J Slaney	**2018**	b) **405,984**	**-**	**18,191**	**-**	c) **122,180**	**546,355**	**22**	**22**
	2017	397,755	20,000	6,232	-	-	423,987	-	5
C Jackson	**2018**	**210,357**	**-**	**6,018**	**19,984**	**-**	**236,359**	**-**	**-**
	2017	208,582	-	22,829	19,815	-	251,226	-	-
A Di Pietrantonio	**2018**	**200,000**	**50,000**	**4,345**	**19,000**	c) **122,180**	**395,525**	**31**	**44**
	2017	191,250	30,000	17,337	18,169	-	256,756	-	12
Total	**2018**	**1,299,674**	**200,000**	**40,536**	**76,826**	c) **616,221**	**2,233,257**	**28**	**31**
	2017	1,181,919	110,000	59,414	72,887	-	1,424,220	-	8

a) Mr McGovern received 100% of his bonus for the year (2017: he received 80% of his bonus for July – December 2016 and nil for January – June 2017)
b) Includes rental assistance and allowances in relation to relocation to the UK (since December 2016) of $186,984 (2017: $178,755)
c) Subject to achievement of milestone targets under the Performance Rights Plan or vesting dates under the Loan Funded Share Plan as detailed in the section titled 'Compensation Securities Issued to Key Management Personnel'

Compensation Securities Issued to Key Management Personnel

Performance Rights:
During the year the following performance rights were granted as performance linked incentives to executives. The performance rights were issued free of charge.

Each performance right converts into one fully paid ordinary share in the Company for nil cash consideration, upon the achievement of the following performance milestones:
Milestone 1 – the Group achieving SaaS Revenue of $500,000 or more for at least two consecutive calendar months, by 31 December 2018.
Milestone 2 – the Group achieving SaaS Revenue of $1,000,000 or more for at least two consecutive calendar months, by 30 June 2019.

Key Management Personnel	Grant Date	Number Granted	Value per Right at Grant Date	Last Convertible Date	Number Converted during the year	Balance at 30/06/18 Unconverted
Milestone 1						
S McGovern	29/11/17	750,000	$0.3600	31/12/18	-	750,000
J Slaney	29/11/17	375,000	$0.3600	31/12/18	-	375,000
A Di Pietrantonio	29/11/17	375,000	$0.3600	31/12/18	-	375,000
Milestone 2						
S McGovern	29/11/17	750,000	$0.3600	30/06/19	-	750,000
J Slaney	29/11/17	375,000	$0.3600	30/06/19	-	375,000
A Di Pietrantonio	29/11/17	375,000	$0.3600	30/06/19	-	375,000
Total		**3,000,000**			**-**	**3,000,000**

The total value of the performance rights at grant date was $1,080,000. The performance rights convert on a one-for-one basis upon the satisfaction of milestones considered to be non-market factors. The performance rights were valued at the closing share price on the grant date.

The conversion of the performance rights is dependent on the achievement of milestones. Probability of achieving these milestones by their due date has been assessed as 100% at 30 June 2018 and is reassessed at each balance sheet date. The value of the performance rights have been allocated over the expiry period of the milestones. At 30 June 2018, $488,720 (approximately 45% of the total value of the performance rights at grant date), is included in the remuneration table above.

Loan Funded Shares:
During the year the following loan funded shares were issued as part of the remuneration package of Directors appointed during the year.

Key Management Personnel	Grant Date	Number Granted	Value per Loan Funded Share at Grant Date	Vesting Date	Number Vested during the year	Balance at 30/06/18 Unvested
G Bongiorno						
Tranche 1	29/11/17	175,000	$0.2700	20/12/18	-	175,000
Tranche 2	29/11/17	175,000	$0.2700	20/12/19	-	175,000
Tranche 3	29/11/17	175,000	$0.2700	20/12/20	-	175,000
P Clare						
Tranche 1	1/12/17	200,000	$0.4176	30/01/19	-	200,000
Tranche 2	1/12/17	200,000	$0.4176	30/01/20	-	200,000
Tranche 3	1/12/17	200,000	$0.4176	30/01/21	-	200,000
Total		**1,125,000**			**-**	**1,125,000**

The issue of the loan funded shares to Mr Gerard Bongiorno was approved by shareholders at the 2017 annual general meeting held on 29 November 2017. The total value of the loan funded shares was $141,750. The fair value was determined using a Black-Scholes model with an underlying share price of $0.360, volatility of 100% and an interest rate of 2.09%. The value of the loan funded shares has been allocated over the vesting period of each tranche. At 30 June 2018, $48,484 (approximately 34% of the total value of the loan funded shares), assessed as vested is included in the remuneration table above.

The issue of the loan funded shares to Mr Peter Clare was approved by shareholders at general meeting held on 30 January 2018. The total value of the loan funded shares was $250,560. The fair value was determined using a Black-Scholes model with an underlying share price of $0.555, volatility of 100% and an interest rate of 2.47%. The value of the loan funded shares has been allocated over the vesting period of each tranche. At 30 June 2018, $79,017 (approximately 32% of the total value of the loan funded shares), assessed as vested is included in the remuneration table above.

Shares Issued to Key Management Personnel on Exercise of Compensation Options
During the year, the Company issued 600,000 fully paid ordinary shares to Mr Peter Pawlowitsch and 250,000 fully paid ordinary shares to Mr Steve McGovern on the exercise of unlisted options exercisable at 40 cents each on or before 30 June 2018. The options were originally issued to directors and executives on 29 December 2015, upon the conversion of performance options (granted on 9 June 2015) when performance milestones were achieved.

Remuneration Consultants
The Board did not use the services of remuneration consultants during the year in determining the compensation for directors and executives.

Voting and comments made at the Company's 2017 annual general meeting ('AGM")
At the 2017 AGM, 81% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Loans with Key Management Personnel
During the year the following interest free and limited recourse loans were provided by the Company pursuant to the offer of loan funded shares to Mr Gerard Bongiorno and Mr Peter Clare, with the same terms and conditions applying to loan funded shares issued under the Loan Funded Share Plan. The principal amount of the loans were deemed to be drawn down on the date of allotment and issue of the loan funded shares, with no physical exchange of funds occurring.

Mr Gerard Bongiorno: Principal amount of $189,000 (525,000 loan funded shares at an issue price of $0.36 each) to be repaid by 20 December 2022 for Mr Bongiorno to benefit from the shares.

Mr Peter Clare: Principal amount of $333,000 (600,000 loan funded shares at an issue price of $0.555 each) to be repaid by 30 January 2023 for Mr Clare to benefit from the shares.

Other Transactions with Key Management Personnel
On 13 July 2017, the Company issued 476,191 fully paid ordinary shares at an issue price of $0.42 each, raising $200,000. The shares were issued to a company associated with Mr Peter Pawlowitsch, after shareholder approval was obtained on 30 June 2017 for the director to participate in the share placement announced on 8 December2016.

On 28 February 2018, the Company issued 1,428,572 fully paid ordinary shares at an issue price of $0.35 each, raising $500,000. The shares were issued to a company associated with Mr Steve McGovern, after shareholder approval was obtained on 30 January 2018 for the director to participate in the share placement announced on 14 December2017.

During the year, platform testing consulting fees totalling nil (2017: $68,000) were charged by Prueba Pty Ltd, a company associated with Mr Steve McGovern.

Telephony services totalling $2,375 (2017: $2,736) were provided by Canard Pty Ltd, a company associated with Mr Steve McGovern and Mr Adrian Di Pietrantonio. Trade payables at 30 June 2018 include a balance of $415 (30 June 2017: $670) payable to Canard Pty Ltd.

Intelligent Voice and 1300 MY SOLUTION are businesses associated with Mr Steve McGovern and Mr Adrian Di Pietrantonio. The Group earned service fee income of $43,655 (2017: $40,217) from Intelligent Voice and $263,308 (2017: $294,733) from 1300 MY SOLUTION. Trade receivables at 30 June 2018 include balances of $5,185 (30 Jun 2017: nil) due from Intelligent Voice and $22,162 (30 June 2017: nil) due from 1300 MY SOLUTION.

During the year, $30,000 (2017: nil) was paid to Mr Peter Pawlowitsch's consultancy company, Gyoen Pty Ltd for advisory services outside his usual Board duties.

Other payables at 30 June 2018 included an accrual of $50,000 (30 June 2017: nil) for the cash bonus payable to Mr Steve McGovern for the period January to June 2018 included in the remuneration table above.

Other receivables at 30 June 2018 includes an amount of $140,977 (30 June 2017: $140,977) receivable from the Medulla Group Pty Ltd vendors, including Mr Steve McGovern, Mr James Slaney and Mr Adrian Di Pietrantonio.

Amounts included in the remuneration table for Mr Stephe Wilks and Mr Gerard Bongiorno were paid to their consultancy companies High Expectations Pty Ltd and Otway Capital Consulting respectively.

All transactions are conducted on normal commercial terms and on an arm's length basis.

Additional Disclosures Relating to Key Management Personnel

Shareholdings

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

Key Management Personnel	Balance at Start of Year	Received as Remuneration	Options Exercised	Acquired/ (disposed)	Net Change Other	Balance at End of Year
S McGovern	4,266,124	-	250,000	1,428,572	-	5,944,696
P Clare (appointed 1/12/17)	-	600,000	-	-	a) 165,000	765,000
P Pawlowitsch	870,000	-	600,000	1,676,191	-	3,146,191
S Wilks (resigned 30/8/17)	-	-	-	-	a) -	-
G Bongiorno (appointed 2/7/17)	-	525,000	-	-	a) 267,111	792,111
J Slaney	2,874,831	-	-	-	-	2,874,831
C Jackson	751,519	-	-	(294,001)	-	457,518
A Di Pietrantonio	2,873,743	-	-	-	-	2,873,743
Total	**11,636,217**	**1,125,000**	**850,000**	**2,810,762**	**432,111**	**16,854,090**

a) – Shares held at date of appointment or resignation, as applicable.

Option Holdings

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

Key Management Personnel	Balance at Start of Year	Received as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance at End of Year
S McGovern	1,200,000	-	(250,000)	(950,000)	-	-
P Clare (appointed 1/12/17)	-	-	-	-	a) -	-
P Pawlowitsch	600,000	-	(600,000)	-	-	-
S Wilks (resigned 30/8/17)	-	-	-	-	a) -	-
G Bongiorno (appointed 2/7/17)	-	-	-	-	a) -	-
J Slaney	300,000	-	-	(300,000)	-	-
C Jackson	150,000	-	-	(150,000)	-	-
A Di Pietrantonio	150,000	-	-	(150,000)	-	-
Total	**2,400,000**	**-**	**(850,000)**	**(1,550,000)**	**-**	**-**

a) – Options held at date of appointment or resignation, as applicable.

Performance Rights Holdings

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

Key Management Personnel	Balance at Start of Year	Received as Remuneration	Rights Expired	Performance Rights Converted	Net Change Other	Balance at End of Year
S McGovern	-	1,500,000	-	-	-	1,500,000
P Clare (appointed 1/12/17)	-	-	-	-	a) -	-
P Pawlowitsch	-	-	-	-	-	-
S Wilks (resigned 30/8/17)	-	-	-	-	a) -	-
G Bongiorno (appointed 2/7/17)	-	-	-	-	a) -	-
J Slaney	-	750,000	-	-	-	750,000
C Jackson	-	-	-	-	-	-
A Di Pietrantonio	-	750,000	-	-	-	750,000
Total	**-**	**3,000,000**	**-**	**-**	**-**	**3,000,000**

a) – Rights held at date of appointment or resignation, as applicable.

This is the end of the audited remuneration report.

INDEMNIFYING OFFICERS OR AUDITORS

Dubber Corporation Limited has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of Dubber Corporation Limited, other than conduct involving a wilful breach of duty in relation to Dubber Corporation Limited.

SHARE OPTIONS

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 2,000,000 options expiring 27 January 2019, exercisable at $0.60 each
- 2,175,000 options expiring 31 March 2019, exercisable at $0.25 each
- 100,000 options expiring 31 March 2019, exercisable at $0.72 each
- 2,000,000 options expiring 31 December 2019, exercisable at $0.60 each
- 2,000,000 options expiring 27 January 2020, exercisable at $0.80 each
- 850,000 options expiring 31 March 2020, exercisable at $0.40 each
- 2,000,000 unlisted options expiring 31 December 2020, exercisable at $0.80 each

During the year the following options were issued:

- 2,000,000 options exercisable at $0.60 each on or before 31 December 2019
- 2,000,000 options exercisable at $0.80 each on or before 31 December 2020

During the year the following options were exercised:

- 1,370,000 options expiring 31 January 2018, exercised at $0.25 each
- 600,000 options expiring 27 February 2018, exercised at $0.25 each
- 850,000 options expiring 30 June 2018, exercised at $0.40 each

During the year 1,850,000 options exercisable at $0.40 each expired on 30 June 2018.

During the year the following options were cancelled due to vesting conditions lapsing:

- 75,000 options expiring 31 March 2019, exercisable at $0.25 each
- 200,000 options expiring 31 March 2020, exercisable at $0.40 each

Since the end of the financial year, no other options have been issued, exercised or expired.

PERFORMANCE RGHTS

At the date of this report there were the following unissued ordinary shares for which performance rights were outstanding:

- 1,500,000 performance rights with milestone to be achieved by 31 December 2018
- 1,500,000 performance rights with milestone to be achieved by 30 June 2019

These performance rights were issued during the financial year.

No performance rights were converted into fully paid ordinary shares or expired during the year.

Since the end of the financial year, no other performance rights have been issued or expired, and no performance rights converted into fully paid ordinary shares.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

Dubber Corporation Limited was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATIONS

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

NON-AUDIT SERVICES

There were no amounts paid or payable to the auditor for non-audit services provided during the year by the auditor other than those outlined in Note 16 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001.

The directors are of the opinion that the services as disclosed in Note 16 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Signed in accordance with a resolution of the Board of Directors:

Peter Clare
Chairman
Dated: 28 September 2018

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF DUBBER CORPORATION LIMITED

As lead auditor of Dubber Corporation Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dubber Corporation Limited and the entities it controlled during the period.

JPrue

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2018	2017
		$	$
Revenue			
Service income		**1,502,734**	510,817
Other revenue from ordinary activities	2 (a)	**1,685,160**	1,458,181
Expenses			
Service platform costs		**(3,157,771)**	(2,862,017)
Consulting fees		**(87,606)**	(288,961)
Depreciation and amortisation		**(1,569,784)**	(1,563,799)
Directors fees and benefits		**(671,175)**	(479,235)
Employee benefits expense		**(4,140,480)**	(2,433,229)
Finance costs		**(109,276)**	(162,026)
Share based payments	21	**(845,771)**	(461,783)
Other expenses from ordinary activities	2 (b)	**(3,925,132)**	(3,571,850)
Loss before income tax expense		**(11,319,101)**	(9,853,902)
Income tax expense	3	**-**	-
Loss after income tax expense for the year		**(11,319,101)**	(9,853,902)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(71,235)**	(2,143)
Other comprehensive loss for the year, net of tax		**(71,235)**	(2,143)
Total comprehensive loss attributable to owners of Dubber Corporation Limited		**(11,390,336)**	(9,856,045)

	Note	Cents	Cents
Loss per share attributable to the owners of Dubber Corporation Limited			
Basic loss per share	14	**(9.19)**	(11.12)
Diluted loss per share	14	**(9.19)**	(11.12)

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

Consolidated Statement of Financial Position

	Note	2018	2017
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	4	**5,673,548**	857,777
Trade and other receivables	5	**1,396,564**	1,778,722
Total Current Assets		**7,070,112**	2,636,499
Non-Current Assets			
Property, plant and equipment	6	**81,497**	81,052
Intangible assets	7	**5,861,503**	7,402,610
Total Non-Current Assets		**5,943,000**	7,483,662
Total Assets		**13,013,112**	10,120,161
LIABILITIES			
Current Liabilities			
Trade and other payables	8	**1,613,985**	2,438,753
Provisions	9	**499,069**	332,886
Total Current Liabilities		**2,113,054**	2,771,639
Total Liabilities		**2,113,054**	2,771,639
NET ASSETS		**10,900,058**	7,348,522
EQUITY			
Issued capital	11	**44,871,437**	31,312,336
Reserves	12	**7,303,755**	5,992,219
Accumulated losses	13	**(41,275,134)**	(29,956,033)
TOTAL EQUITY		**10,900,058**	7,348,522

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

Consolidated Statement of Changes in Equity

	Issued Capital	Reserves	Accumulated Losses	Total
2018	$	$	$	$
Balance at 1 July 2017	**31,312,336**	**5,992,219**	**(29,956,033)**	**7,348,522**
Loss after income tax expense for the year	**-**	**-**	**(11,319,101)**	**(11,319,101)**
Other comprehensive loss for the year, net of tax	**-**	**(71,235)**	**-**	**(71,235)**
Total comprehensive loss for the year	**-**	**(71,235)**	**(11,319,101)**	**(11,390,336)**
Transactions with owners in their capacity as owners:				
Securities issued during the year	**14,532,751**	**-**	**-**	**14,532,751**
Capital raising costs	**(1,339,650)**	**-**	**-**	**(1,339,650)**
Cost of share based payments	**366,000**	**1,382,771**	**-**	**1,748,771**
Balance at 30 June 2018	**44,871,437**	**7,303,755**	**(41,275,134)**	**10,900,058**
2017				
Balance at 1 July 2016	25,455,700	5,535,229	(20,102,131)	10,888,798
Loss after income tax expense for the year	-	-	(9,853,902)	(9,853,902)
Other comprehensive loss for the year, net of tax	-	(2,143)	-	(2,143)
Total comprehensive loss for the year	-	(2,143)	(9,853,902)	(9,856,045)
Transactions with owners in their capacity as owners:				
Securities issued during the year	6,295,303	-	-	6,295,303
Capital raising costs	(854,917)	-	-	(854,917)
Cost of share based payments	416,250	459,133	-	875,383
Balance at 30 June 2017	31,312,336	5,992,219	(29,956,033)	7,348,522

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

Consolidated Statement of Cash Flows

	Note	2018	2017
		$	$
Cash flows from operating activities			
Receipts from customers		**1,292,344**	441,120
Payments to suppliers and employees		**(11,927,918)**	(8,828,027)
Interest received		**18,517**	23,598
R&D tax offset refund received		**1,660,331**	1,438,800
Interest and other finance costs paid		**(162,789)**	(118,508)
Net cash outflows used in operating activities	20	**(9,119,515)**	(7,043,017)
Cash flows from investing activities			
Purchase of plant and equipment		**(29,122)**	(53,684)
Payment of security bond and funds held in trust		**(134,659)**	(464,341)
Net cash outflows used in investing activities		**(163,781)**	(518,025)
Cash flows from financing activities			
Proceeds from issue of shares		**14,532,751**	6,295,303
Payment of share issue costs		**(436,650)**	(441,317)
Proceeds from borrowings		**1,000,000**	1,130,000
Repayment of borrowings		**(1,000,000)**	(1,130,000)
Net cash provided by financing activities		**14,096,101**	5,853,986
Net increase/(decrease) in cash held		**4,812,805**	(1,707,056)
Cash and cash equivalents at the beginning of the year		**857,777**	2,563,767
Effect of exchange rate changes on cash		**2,966**	1,066
Cash and cash equivalents at the end of the year	4	**5,673,548**	857,777

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

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

Dubber Corporation Limited ("Company" or "Parent Entity") is a company limited by shares, incorporated and domiciled in Australia. These consolidated financial statements and notes represent those of Dubber Corporation Limited and controlled entities ("Group" or "Consolidated Entity"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Dubber Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial reports have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The separate financial statements of the parent entity, Dubber Corporation Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

These financial statements are presented in Australian dollars, rounded to the nearest dollar.

(b) Going concern basis

For the year ended 30 June 2018 the group recorded a loss of $11,319,101, had net cash outflows from operating activities of $9,119,515 and had working capital of $4,957,058 at 30 June 2018.

The ability of the group to continue as a going concern is dependent on securing additional funding through subscription sales to the Dubber platform, eligibility of the research and development tax incentive and potential additional capital raisings to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the group's working capital requirements and as at the date of this report. Subsequent to year end the group expects to receive additional funds through subscriptions, research and development tax incentives and potential capital raisings.

The financial statements have been prepared on the basis that the group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Growth in subscription based revenue during the year;
- Significant pipeline of potentially new subscription based customers;
- Previous success on being eligible for the research and development tax incentive; and
- If required, previous success in being able to raise capital as equity.

1. Summary of Significant Accounting Policies (Continued)

(b) Going concern basis (continued)

Should the group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the group not continue as a going concern.

(c) Revenue recognition

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.
Service income is recognised at the time the service is accessed by the customer. All revenue is stated net of the amount of goods and services tax (GST).

(d) Government grants/research and development tax incentives

Grants from the government (such as research and development tax incentives) are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants received for the period prior to the acquisition of Dubber Pty Ltd was deducted from the carrying value of the Dubber intellectual property, with subsequent grants being recognised as other income.

(e) Basis of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dubber Corporation Limited (“Company” or “parent entity”) as at 30 June 2018 and the results of all subsidiaries for the year then ended. Dubber Corporation Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

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

1. Summary of Significant Accounting Policies (Continued)

(e) Basis of consolidation (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

(f) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(g) Foreign currency translation

(i) Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Dubber Corporation Limited.

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

(iii) Foreign operations
The assets and liabilities of foreign operations are translated to the functional currency as exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency difference are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(h) Finance income

Finance income comprises interest income earned on funds invested in bank accounts and call deposits. Interest is recognised on an accruals basis in the consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

1. Summary of Significant Accounting Policies (Continued)

(i) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(j) Provisions

Provisions are recognised when a Group company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1. Summary of Significant Accounting Policies (Continued)

(k) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquired asset either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred and the amount of any non-controlling interest in the acquire over the fair value of the net identifiable assets acquired is recorded as goodwill, if those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(m) Trade 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 30 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 uncollectable 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 30 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 the discounting is immaterial.

The amount of the impairment losses is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;
(b) less principal repayments;
(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

(ii) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Convertible notes are issued from the Company and are convertible at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a convertible note is recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

1. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (continued)

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(o) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Furniture, Fixtures and Fittings	4 years
Computer Equipment	3 years
Computer Software	3 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 the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Property, plant and equipment is derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the statement of profit or loss and other comprehensive income.

1. Summary of Significant Accounting Policies (Continued)

(p) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, investment properties, biological assets, and deferred acquisition costs, are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. The asset's value in use is calculated as the estimated future cash flows discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. Assets that cannot be tested individually for impairment, are grouped together into the smallest group of assets that generates cash inflows (the asset's cash-generating unit).

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are allocated first, to reduce the carrying amount of any goodwill allocated to cash-generating units, and then to other assets of the group on a pro-rata basis.

Assets other than goodwill are assessed at the end of each reporting period to determine whether previously recognised impairment losses may no longer exist or may have decreased. Impairment losses recognised in prior periods for assets other than goodwill are reversed up to the carrying amounts that would have been determined had no impairment loss been recognised in prior periods.

(q) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

1. Summary of Significant Accounting Policies (Continued)

(s) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(t) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

(u) Share-based payment transactions

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity-settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services received during the vesting period with a corresponding increase in equity.

(v) Intangible assets

Intangible assets acquired as part of a business combination are brought in at fair value at acquisition. Intangible assets with finite useful life are amortised over a straight line basis in the profit or loss over the estimated useful life. Management had previously re-assessed the useful life of the platform from 10 years to 5 years, as they believe it is more reflective of the useful life.

(w) Goodwill

Goodwill is measured as described in note 1(k). Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 18).

1. Summary of Significant Accounting Policies (Continued)

(x) Employee Provisions

(i) Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

(ii) Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

(y) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - Impairment

The Group tests annually whether the carrying value of goodwill and other intangibles exceed its recoverable amount to determine potential impairment requirements. The recoverable amount of goodwill and other intangibles has been calculated using a number of assumptions as disclosed in note 7. No impairment has been recognised in respect of intangibles at the end of the reporting period.

Key judgements – Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The related assumptions are detailed in Note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Key Estimates – Dubber intellectual property

The Dubber SaaS intangible was acquired as part of a business combination. The intangible asset was recognised at its fair value at the date of acquisition and is subsequently amortised on a straight-line based on the timing of projected cash flows of the intellectual property over its estimated useful life. The Group estimates the useful life of the asset is 5 years based on the technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions.

1. Summary of Significant Accounting Policies (Continued)

(z) New accounting standards for application in future period & current periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

These amendments must be applied for financial years commencing on or after 1 January 2018. Therefore application date for the Company will be 30 June 2019. The Company does not currently have any hedging arrangements in place.

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. There will be no impact on the Company's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the Company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is assessed to be immaterial.

AASB 15 Revenue from Contracts with Customers

These amendments must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore application date for the Company will be 30 June 2019.

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is in the process of being assessed by the Group.

AASB 16 Leases

IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

(aa) Parent entity financial information

The financial information for the parent entity, Dubber Corporation Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements.

	Consolidated 2018 $	Consolidated 2017 $

2. Revenue and Expenses from Continuing Operations

(a) Other revenue

	2018 $	2017 $
Interest	**24,829**	19,381
Research and development tax incentive	**1,660,331**	1,438,800
	1,685,160	1,458,181

(b) Other expenses

	2018 $	2017 $
Audit fees	**46,457**	44,377
Accounting and tax advice fees	**133,730**	178,548
Doubtful debts expense	**-**	112,659
Legal fees	**106,162**	115,319
Marketing	**1,094,239**	1,136,821
Occupancy costs	**602,190**	448,803
Securities exchange and registry fees	**115,101**	76,604
Travel costs	**762,387**	712,023
Other administration	**1,064,866**	746,696
	3,925,132	3,571,850

3. Income Tax

(a) Income Tax Expense

	2018 $	2017 $
Loss before income tax expense	**(11,319,101)**	(9,853,902)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	**(3,112,753)**	(2,709,823)
Tax effect of amounts not deductible (taxable) in calculating taxable income	**72,077**	(182,120)
Deferred tax asset not brought to account on temporary differences & tax losses	**3,122,777**	2,972,941
	82,101	80,998
Amounts recognised in equity	**(82,101)**	(80,998)
Income tax expense	**-**	-

(b) Deferred tax assets

	2018 $	2017 $
Timing differences	**218,970**	188,231
Tax losses - revenue	**6,644,143**	5,102,265
	6,863,113	5,290,496
Offset against Deferred Tax Liabilities	**(1,062,706)**	(1,486,805)
	5,800,407	3,803,691
Amounts in equity	**199,018**	255,813
Tax losses - capital	**526,750**	526,750
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions set out in note 1(i) occur.	**6,526,175**	4,586,254

	Consolidated 2018 $	Consolidated 2017 $

3. Income Tax (continued)

(c) Deferred tax liabilities

	2018 $	2017 $
Timing differences	**(1,062,706)**	(1,486,805)
Offset by Deferred Tax Assets recognised	**1,062,706**	1,486,805
	-	-

There are no franking credits available to the Group.

4. Cash and Cash Equivalents

	2018 $	2017 $
Cash at bank	**3,663,171**	857,777
Cash on call deposit	**2,010,377**	-
	5,673,548	857,777

The Company's exposure to interest rate risk is outlined in Note 15.

5. Trade and Other Receivables

	2018 $	2017 $
Current		
Trade receivables	**469,830**	317,265
Less: Provision for doubtful debt	**-**	(106,889)
	469,830	210,376
GST recoverable	**6,821**	240,347
Receivable from Medulla Group Pty Ltd vendors	**140,977**	140,977
Prepayments	**720,616**	293,928
Other receivables	**58,320**	893,094
	1,396,564	1,778,722

The acquisition of Medulla Group Pty Ltd ("Medulla") was on a no liability basis. It was determined on reconciling the acquisition and liabilities paid of Medulla that the vendors of Medulla Group Pty Ltd owed Dubber Corporation Limited $140,977. Receipt of this amount is expected within 12 months of 30 June 2018.

Trade and other receivables are all due within three months of this report.

Prepayments at 30 June 2018 includes funds held in trust for project development costs of $709,000 (30 June 2017: $159,341).

Other receivables at 30 June 2017 include the following:

- $305,000 security deposit under the R&D Tax Prepayment Loan Agreement with R&D Capital Partners Pty Ltd, subsequently released back to the Company on 25 July 2017; and
- $537,377 held in trust for the repayment of additional research and development tax incentive received during the year and included in Other Payables (note 8).

Information about credit and liquidity risk is outlined in Note 15. Prepayments consist of prepaid insurance and consulting fees.

	Consolidated 2018 $	Consolidated 2017 $

6. Property, Plant and Equipment

	2018 $	2017 $
Plant and equipment – at cost	**155,513**	126,391
Less: Accumulated depreciation	**(74,016)**	(45,339)
Net carrying amount	**81,497**	81,052

Reconciliation

Reconciliation of the carrying amount for each class of property, plant and equipment between the beginning and the end of the current and previous financial year are set out below:

	Computer Equipment $	Furniture $	Total $
2018			
Balance at the beginning of the year	**58,845**	**22,207**	**81,052**
Additions	**24,106**	**5,016**	**29,122**
Depreciation expense	**(21,711)**	**(6,966)**	**(28,677)**
Carrying amount at the end of the year	**61,240**	**20,257**	**81,497**
2017			
Balance at the beginning of the year	27,475	22,585	50,060
Additions	46,445	7,239	53,684
Depreciation expense	(15,075)	(7,617)	(22,692)
Carrying amount at the end of the year	58,845	22,207	81,052

	Consolidated 2018 $	Consolidated 2017 $

7. Intangible Assets

	2018 $	2017 $
Dubber intellectual property – at cost	**8,483,031**	8,483,031
Less: Accumulated amortisation	**(4,630,262)**	(3,089,155)
	3,852,769	5,393,876
Goodwill	**2,008,734**	2,008,734
Net carrying amount	**5,861,503**	7,402,610
Reconciliation		
Balance at the beginning of the year	**7,402,610**	8,943,717
Amortisation expense	**(1,541,107)**	(1,541,107)
Net carrying amount at the end of the year	**5,861,503**	7,402,610

The goodwill and other intangibles is attributable to Dubber's strong position to continue to roll out its software platform and the expected cash flows to arise from the Company's acquisition of Dubber Pty Ltd.

7. Intangible Assets (continued)

Goodwill acquired through the business combination has been allocated to the Company's only cash generating unit ('CGU') for impairment testing. The Board has determined the recoverable amount of the CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on the Australian Securities Exchange (ASX). The recoverable value is therefore a Level 1 measurement based on observable inputs of publicly traded shares in an active market. The Board has not identified any reasonable possible changes in key assumptions that could cause the carrying amount of the CGU to exceed its recoverable amount. Any reasonable change to the volatility of the Company's share price would not create an impairment.

	Consolidated	
	2018	**2017**
	$	**$**

8. Trade and Other Payables

Current		
Trade payables	**702,099**	587,011
Payroll tax and other statutory liabilities	**601,136**	936,568
Unearned revenue	**109,218**	162,902
Other payables	**201,532**	752,272
	1,613,985	2,438,753

All payables are expected to be settled within 6 months. Risk management policies in regard to liquidity and currency risk are outlined in Note 15.

9. Provisions

Current		
Employee benefits	**499,069**	332,886
	499,069	332,886

Employee benefits represent annual leave and long service leave entitlements of employees within the Group and is non-interest bearing. The entire obligation is presented as current, since the Group does not have a right to defer settlement.

10. Loans and Borrowings

In October 2016, the Company entered into a R&D tax prepayment loan agreement with R&D Capital Partners Pty Ltd for $1,130,000, repayable upon receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2016. Interest was fixed at 1.25% per month payable monthly. The loan was secured by a first ranking charge over the assets of the Company except the Dubber intellectual property, registered on the Personal Property Securities Register. The loan was fully repaid on 14 March 2017.

In December 2017, the Company drew down $1,000,000 under the facility with R&D Capital Partners Pty Ltd with the same terms and conditions above. The loan was fully repaid on 5 April 2018 upon receipt of the research and development tax incentive offset for the financial year ended 30 June 2017.

	Consolidated 2018 $	Consolidated 2017 $

11. Issued Capital

Issued and paid up capital		
140,079,435 (2017: 96,186,100) Ordinary shares – fully paid	**48,255,267**	33,356,516
Share issue costs written off against share capital	**(3,383,830)**	(2,044,180)
	44,871,437	31,312,336

Movement in ordinary shares on issue

	Issue Price	No. of Shares	$
2018			
Balance at the beginning of the year		**96,186,100**	**31,312,336**
Issued for cash pursuant to placement – 13 July 2017	**$0.42**	**476,191**	**200,000**
Issued for cash pursuant to placement – 25 September 2017	**$0.35**	**20,000,000**	**7,000,000**
Issued for cash pursuant to placement – 21 December 2017	**$0.35**	**17,143,572**	**6,000,251**
Exercise of options expiring 31 January 2018	**$0.25**	**1,370,000**	**342,500**
Exercise of options expiring 27 February 2018	**$0.25**	**600,000**	**150,000**
Issued for cash pursuant to placement – 28 February 2018	**$0.35**	**1,428,572**	**500,000**
Issued as employee incentives – 1 March 2018	**$0.385**	**600,000**	**231,000**
Issued as employee incentives – 1 March 2018	**$0.45**	**300,000**	**135,000**
Issue of loan funded shares		**1,125,000**	**-**
Exercise of options expiring 30 June 2018	**$0.40**	**850,000**	**340,000**
Share issue costs			**(1,339,650)**
Balance at the end of the year		**140,079,435**	**44,871,437**
2017			
Balance at the beginning of the year		79,929,426	25,455,700
Exercise of options expiring 25 November 2016	$0.25	600,000	150,000
Issued for cash pursuant to placement – 14 December 2016	$0.42	14,631,674	6,145,303
Issued as employee incentives – 1 March 2017	$0.38571	700,000	270,000
Issued as employee incentives – 1 March 2017	$0.45	325,000	146,250
Share issue costs			(854,917)
Balance at the end of the year		96,186,100	31,312,336

11. Issued Capital (continued)

Options

At the end of the year, the following options over unissued ordinary shares were outstanding:

Grant Date	Expiry Date	Exercise Price	Number Under Option
30 June 2015	31 March 2019	$0.25	2,175,000
31 March 2016	31 March 2019	$0.72	100,000
16 November 2016	27 January 2019	$0.60	2,000,000
16 November 2016	27 January 2020	$0.80	2,000,000
22 December 2016	31 March 2020	$0.40	850,000
20 December 2017	31 December 2019	$0.60	2,000,000
20 December 2017	31 December 2020	$0.80	2,000,000
			11,125,000

Performance rights

Each performance right converts into one fully paid ordinary share for nil cash consideration, upon the achievement of performance based milestones. At the end of the year, the following performance rights yet to be converted into ordinary shares were outstanding:

Grant Date	Expiry Date	Number of Performance Rights
29 November 2017	31 December 2018	1,500,000
29 November 2017	30 June 2019	1,500,000
		3,000,000

Unvested shares

The following shares have been offered to employees as at the end of the year and will be issued upon continued service up to the vesting dates:

Offer Date	Vesting Date	Number of Unvested Shares
6 December 2016	1 March 2019	300,000

Capital risk management

The group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that benefits to stakeholders and an optimum capital structure are maintained.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, cancel capital, issue new shares or options or sell assets.

	Consolidated 2018 $	2017 $
12. Reserves		
Option reserve	**4,130,797**	3,022,382
Performance rights reserve	**3,151,754**	2,663,034
Unvested share reserve	**94,582**	308,946
Foreign currency reserve	**(73,378)**	(2,143)
	7,303,755	5,992,219

Option reserve

The option reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive based share options and loan funded shares.

Movement in option reserve:		
Balance at the beginning of the year	**3,022,382**	2,311,316
Options issued as consideration for capital raising services	**903,000**	413,600
Allocation of incentive based share options values over vesting period – employees	**77,914**	297,466
Allocation of incentive based loan funded shares values over vesting period – directors	**127,501**	-
Balance at the end of the year	**4,130,797**	3,022,382

Performance rights reserve

The performance rights reserve is used to record the value of performance rights issued as share based payments until the performance rights are converted into fully paid ordinary shares upon achievement of performance based milestones.

Movement in performance rights reserve:		
Balance at the beginning of the year	**2,663,034**	2,947,583
Allocation of incentive share based payment over vesting period – directors and key management	**488,720**	-
Reversal of incentive share based payment – management performance shares cancelled upon milestones not being achieved by expiry date	**-**	(284,549)
Balance at the end of the year	**3,151,754**	2,663,034

	Consolidated 2018 $	Consolidated 2017 $

12. Reserves (continued)

Unvested share reserve

The unvested share reserve is used to record the value of shares formally offered and accepted as share based payments until the shares are issued on a future specified vesting date.

	2018 $	2017 $
Movement in unvested share reserve:		
Balance at the beginning of the year	**308,946**	276,330
Allocation of incentive share based payment over vesting period – employee shares	**151,636**	448,866
Shares issued on vesting date	**(366,000)**	(416,250)
Balance at the end of the year	**94,582**	308,946

Foreign currency reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

	2018 $	2017 $
Movement in foreign currency reserve:		
Balance at the beginning of the year	**(2,143)**	-
Currency translation differences	**(71,235)**	(2,143)
Balance at the end of the year	**(73,378)**	(2,143)

13. Accumulated Losses

	2018 $	2017 $
Balance at the beginning of the year	**(29,956,033)**	(20,102,131)
Loss attributable to owners of Dubber Corporation Limited	**(11,319,101)**	(9,853,902)
Balance at the end of the year	**(41,275,134)**	(29,956,033)

14. Earnings per Share (EPS)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2018 $	2017 $
Earnings attributable to the owners of Dubber Corporation Limited used to calculate EPS		
Loss for the year	**(11,319,101)**	(9,853,902)
Weighted average number of ordinary shares used in the calculation of EPS	**No.**	**No.**
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	**123,155,152**	88,630,667

As the Company is in a loss position there is no diluted EPS calculated

15. Financial Risk Management

Financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Weighted Average Interest Rate (%)	Note	2018 $	2017 $
Financial Assets				
Cash and cash equivalents	0.71	4	**5,673,548**	857,777
Trade and other receivables	0.15	5	**675,948**	1,484,794
Total Financial Assets			**6,349,496**	2,342,571
Financial Liabilities				
Trade and other payables	-	8	**1,504,767**	2,275,851
Total Financial Instruments			**4,844,729**	66,720

The carrying amounts of these financial instruments approximate their fair values.

Financial Risk Management Policies
Exposure to key financial risks is managed in accordance with the Group's risk management policy with the objective to ensure that the financial risks inherent in technological activities and new business reviews are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for research expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raise in advance of shortages. Interest rate risk is managed by limiting the amount interest bearing loans entered into by the Company. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit expose to price risk.

Primary responsibility for identification and control of financial risks rests with the Managing Director, under the authority of the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

Specific Financial Risk Exposures and Management

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Company.

The Company trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Company's policy to secure its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The majority of cash and deposits is held with Westpac Banking Corporation, an AA3 credit rated bank.

15. Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Company monitors its ongoing research and development cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The Company has undrawn financing facilities. Trade and other payables, the only financial liability of the Company, are due within 3 months.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 Years**		**Total Contractual Cash Flow**	
	2018 $	**2017 $**	**2018 $**	**2017 $**	**2018 $**	**2017 $**
Financial assets – cash flows receivable						
Trade and other receivables	675,948	1,484,794	-	-	675,948	1,484,794
Total expected inflows	675,948	1,484,794	-	-	675,948	1,484,794
Financial liabilities due for payment realisable						
Trade and other payables	1,504,767	2,275,851	-	-	1,504,767	2,275,851
Total anticipated outflows	1,504,767	2,275,851	-	-	1,504,767	2,275,851
Net (outflow)/inflow on financial instruments	(828,819)	(791,057)	-	-	(828,819)	(791,057)

(c) Market risk

i. Interest rate risk

The Company's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. The Company does not have any borrowings or enter into hedges. An increase/(decrease) in interest rates by 0.5% during the whole of the respective periods would have led to an increase/(decrease) in losses of less than $20,433.

(d) Fair value

The Group does not have any financial instruments that are subject to recurring fair value measurements. Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables is assumed to approximate their fair value.

16. Auditors' Remuneration

	Consolidated 2018 $	Consolidated 2017 $
Remuneration of the auditor of the Company, BDO Audit (WA) Pty Ltd, for:		
Audit services	**46,457**	44,377
Taxation advice – BDO Corporate Tax (WA) Pty Ltd	**11,985**	34,531
Total remuneration to auditors	**58,442**	78,908

17. Contingent Liabilities

The Consolidated entity has no material contingent liabilities as at reporting date (2017: Nil).

18. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis that it has only one main operating segment, being the Dubber technology suite. All the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

	Corporate $	**Technology $**	**Total $**
Year Ended 30 June 2018			
Revenue	**18,516**	**3,169,378**	**3,187,894**
Result (Loss)	**(2,375,203)**	**(8,943,898)**	**(11,319,101)**
Total assets	**2,099,689**	**10,913,423**	**13,013,112**
Total liabilities	**(404,762)**	**(1,708,292)**	**(2,113,054)**
Acquisition of non-current assets	**-**	**29,122**	**29,122**
Depreciation of non-current assets	**-**	**(28,677)**	**(28,677)**
Intangible assets	**-**	**5,861,503**	**5,861,503**
Amortisation	**-**	**(1,541,107)**	**(1,541,107)**
Year Ended 30 June 2017			
Revenue	11,166	1,957,832	1,968,998
Result (Loss)	(1,883,365)	(7,970,537)	(9,853,902)
Total assets	386,048	9,734,113	10,120,161
Total liabilities	(323,843)	(2,447,796)	(2,771,639)
Acquisition of non-current assets	-	53,684	53,684
Depreciation of non-current assets	-	(22,692)	(22,692)
Intangible assets	-	7,402,610	7,402,610
Amortisation	-	(1,541,107)	(1,541,107)

19. Related Party Transactions

Subsidiaries

The consolidated financial statements include the financial statements of Dubber Corporation Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Class of Shares	Equity Holding 2018 %	Equity Holding 2017 %
Medulla Group Pty Ltd	Australia	Ordinary	**100**	100
Dubber Pty Ltd	Australia	Ordinary	**100**	100
Dubber Ltd	England and Wales	Ordinary	**100**	100
Dubber USA Pty Ltd	Australia	Ordinary	**100**	100
Dubber, Inc.	United States of America	Ordinary	**100**	100

Parent entity

Dubber Corporation Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Key management personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Dubber Corporation Limited's key management personnel for the year ended 30 June 2018.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	**1,499,674**	1,291,919
Long-term benefits	**40,536**	59,414
Post-employment benefits	**76,826**	72,887
Share-based payments	**616,221**	-
	2,233,257	1,424,220

Shares Issued to Key Management Personnel on Exercise of Compensation Options
During the year, the Company issued 600,000 fully paid ordinary shares to Mr Peter Pawlowitsch and 250,000 fully paid ordinary shares to Mr Steve McGovern on the exercise of unlisted options exercisable at 40 cents each on or before 30 June 2018. The options were originally issued to directors and executives on 29 December 2015, upon the conversion of performance options (granted on 9 June 2015) when performance milestones were achieved.

Loans with Key Management Personnel
During the year the following interest free and limited recourse loans were provided by the Company pursuant to the offer of loan funded shares to Mr Gerard Bongiorno and Mr Peter Clare, with the same terms and conditions applying to loan funded shares issued under the Loan Funded Share Plan. The principal amount of the loans were deemed to be drawn down on the date of allotment and issue of the loan funded shares, with no physical exchange of funds occurring.

Mr Gerard Bongiorno: Principal amount of $189,000 (525,000 loan funded shares at an issue price of $0.36 each) to be repaid by 20 December 2022 for Mr Bongiorno to benefit from the shares.

19. Related Party Transactions (continued)

Mr Peter Clare: Principal amount of $333,000 (600,000 loan funded shares at an issue price of $0.555 each) to be repaid by 30 January 2023 for Mr Clare to benefit from the shares.

Other Transactions with Key Management Personnel
On 13 July 2017, the Company issued 476,191 fully paid ordinary shares at an issue price of $0.42 each, raising $200,000. The shares were issued to a company associated with Mr Peter Pawlowitsch, after shareholder approval was obtained on 30 June 2017 for the director to participate in the share placement announced on 8 December2016.

On 28 February 2018, the Company issued 1,428,572 fully paid ordinary shares at an issue price of $0.35 each, raising $500,000. The shares were issued to a company associated with Mr Steve McGovern, after shareholder approval was obtained on 30 January 2018 for the director to participate in the share placement announced on 14 December 2017.

During the year, platform testing consulting fees totalling nil (2017: $68,000) were charged by Prueba Pty Ltd, a company associated with Mr Steve McGovern.

Telephony services totalling $2,375 (2017: $2,736) were provided by Canard Pty Ltd, a company associated with Mr Steve McGovern and Mr Adrian Di Pietrantonio. Trade payables at 30 June 2018 include a balance of $415 (30 June 2017: $670) payable to Canard Pty Ltd.

Intelligent Voice and 1300 MY SOLUTION are businesses associated with Mr Steve McGovern and Mr Adrian Di Pietrantonio. The Group earned service fee income of $43,655 (2017: $40,217) from Intelligent Voice and $263,308 (2017: $294,733) from 1300 MY SOLUTION. Trade receivables at 30 June 2018 include balances of $5,185 (30 Jun 2017: nil) due from Intelligent Voice and $22,162 (30 June 2017: nil) due from 1300 MY SOLUTION.

During the year, $30,000 (2017: nil) was paid to Mr Peter Pawlowitsch's consultancy company, Gyoen Pty Ltd for advisory services outside his usual Board duties.

Other payables at 30 June 2018 included an accrual of $50,000 (30 June 2017: nil) for the cash bonus payable to Mr Steve McGovern for the period January to June 2018 included in the remuneration table above.

Other receivables at 30 June 2018 includes an amount of $140,977 (30 June 2017: $140,977) receivable from the Medulla Group Pty Ltd vendors, including Mr Steve McGovern, Mr James Slaney and Mr Adrian Di Pietrantonio.

Amounts included in the remuneration table for Mr Stephe Wilks and Mr Gerard Bongiorno were paid to their consultancy companies High Expectations Pty Ltd and Otway Capital Consulting respectively.

All transactions are conducted on normal commercial terms and on an arm's length basis.

20. Cash Flow Information

Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated 2018 $	Consolidated 2017 $
Net loss for the period	**(11,319,101)**	(9,853,902)
Non-cash flows in loss:		
Depreciation and amortisation	**1,569,784**	1,563,799
Share based payments	**845,771**	461,783
Net exchange differences	**(74,195)**	(3,308)
Changes in assets and liabilities:		
Increase in trade and other receivables	**(25,364)**	(298,624)
(Decrease)/Increase in trade and other payables	**(282,593)**	920,474
Increase in provisions	**166,183**	166,761
Net cash outflows from operating activities	**(9,119,515)**	(7,043,017)

Non-cash financing and investing activities

During the year, the Company issued 2,000,000 options exercisable at $0.60 each on or before 31 December 2019 and 2,000,000 options exercisable at $0.80 each on or before 31 December 2020, as capital raising costs. The fair value of the options at the date of issue was $903,000.

During the year, 1,125,000 shares were issued as loan funded shares to Directors, with no physical exchange of funds occurring.

During the previous financial year, 2,000,000 options expiring 27 January 2019 and exercisable at $0.60 each, were issued as capital raising costs with a fair value of $413,600.

21. Share Based Payments

Value of share based payments in the financial statements

	Consolidated 2018 $	Consolidated 2017 $
Expensed – directors and other key management personnel remuneration:		
Performance rights	**488,720**	-
Loan funded shares	**127,501**	-
	616,221	-
Expensed – other employees remuneration:		
Fully paid ordinary shares	**151,636**	448,866
Employee options	**77,914**	297,466
	229,550	746,332
Expensed – consulting fees:		
Management performance shares	**-**	(284,549)
Share based payments in capital raising costs:		
Unlisted options	**903,000**	413,600
	1,748,771	875,383

21. Share Based Payments (continued)

Summary of share based payments

Shares:

The Company formally offered the following shares to employees. The shares are not issued to the employees until the vesting date provided the employee is an employee of the Company at the relevant vesting date.

2018

Offer Date	Vesting Date	Balance 01/07/17	Offered	Ord FP Shares Issued	Forfeited	Balance 30/06/18
22/05/15	1/03/18	700,000	-	(600,000)	(100,000)	-
6/12/16	1/03/18	325,000	-	(300,000)	(25,000)	-
6/12/16	1/03/19	325,000	-	-	(25,000)	300,000
		1,350,000	-	(900,000)	(150,000)	300,000

2017

Offer Date	Vesting Date	Balance 01/07/16	Offered	Ord FP Shares Issued	Forfeited	Balance 30/06/17
22/05/15	1/03/17	700,000	-	(700,000)	-	-
22/05/15	1/03/18	700,000	-	-	-	700,000
6/12/16	1/03/17	-	325,000	(325,000)	-	-
6/12/16	1/03/18	-	325,000	-	-	325,000
6/12/16	1/03/19	-	325,000	-	-	325,000
		1,400,000	975,000	(1,025,000)	-	1,350,000

Options:

Set out below are the summaries of options granted as share based payments:

2018

Grant Date	Expiry Date	Exercise Price	Defer Type	Balance 01/07/17	Granted	Exercised	Expired or Forfeited	Balance 30/06/18	Number vested and exercisable
15/12/14	31/01/18	$0.25		1,370,000	-	(1,370,000)	-	-	-
27/02/15	27/02/18	$0.25		600,000	-	(600,000)	-	-	-
9/06/15	30/06/18	$0.40		2,700,000	-	(850,000)	(1,850,000)	-	-
30/06/15	31/03/19	$0.25	1.	2,250,000	-	-	(75,000)	2,175,000	2,175,000
31/03/16	31/03/19	$0.72		100,000	-	-	-	100,000	100,000
16/11/16	27/01/19	$0.60		2,000,000	-	-	-	2,000,000	2,000,000
16/11/16	27/01/20	$0.80	2.	2,000,000	-	-	-	2,000,000	-
22/12/16	31/03/20	$0.40	3.	1,050,000	-	-	(200,000)	850,000	600,000
20/12/17	31/12/19	$0.60		-	# 2,000,000	-	-	2,000,000	2,000,000
20/12/17	31/12/20	$0.80		-	# 2,000,000	-	-	2,000,000	2,000,000
				12,070,000	4,000,000	(2,820,000)	(2,125,000)	11,125,000	8,875,000
Weighted average exercise price				$0.45	$0.70	$0.30	$0.39	$0.59	$0.55

- 4,000,000 options were issued as share placement underwriting fees and valued at $903,000. These options had no vesting conditions and were fully allocated as capital raising costs during the year ended 30 June 2018. The factors used in the determination of option fair value are summarised in the table on page 58.

21. Share Based Payments (continued)

2017

Grant Date	Expiry Date	Exercise Price	Defer Type	Balance 01/07/16	Granted	Exercised	Expired or Forfeited	Balance 30/06/17	Number vested and exercisable
25/11/13	25/11/16	$0.25		803,000	-	(600,000)	(203,000)	-	-
15/12/14	31/01/18	$0.25		1,370,000	-	-	-	1,370,000	1,370,000
27/02/15	27/02/18	$0.25		600,000	-	-	-	600,000	600,000
9/06/15	30/06/18	$0.40		2,700,000	-	-	-	2,700,000	2,700,000
30/06/15	31/03/19	$0.25	1.	2,250,000	-	-	-	2,250,000	1,500,000
31/03/16	31/03/19	$0.72		100,000	-	-	-	100,000	100,000
16/11/16	27/01/19	$0.60		-	# 2,000,000	-	-	2,000,000	2,000,000
16/11/16	27/01/20	$0.80	2.	-	2,000,000	-	-	2,000,000	-
22/12/16	31/03/20	$0.40	3.	-	1,050,000	-	-	1,050,000	350,000
				7,823,000	5,050,000	(600,000)	(203,000)	12,070,000	8,620,000
Weighted average exercise price				$0.31	$0.64	$0.25	$0.25	$0.45	$0.39

- 2,000,000 options were issued to Aesir Capital Pty Ltd as payment for share issue costs at an exercise price of $0.60 valued at $413,600. These options had no vesting conditions and were fully allocated as capital raising costs during the year ended 30 June 2017. The factors used in the determination of option fair value are summarised in the table on the next page.

The various deferred vesting options listed above are subject to milestones or vesting dates which are listed below. Probability of achieving these milestones or vesting dates have been assessed at 100% unless otherwise stated.

1. Employee options vest and become exercisable on the following dates provided the employee is an employee of the Company at the relevant vesting date:
   Vesting date 1: 1 March 2016 - 750,000 options
   Vesting date 2: 1 March 2017 - 750,000 options
   Vesting date 3: 1 March 2018 - 750,000 options less 75,000 options cancelled during the year upon resignation of employee before vesting date

2. Unlisted options issued to Aesir Capital Pty Ltd, vesting upon the completion of a subsequent capital raising in the amount of $15,000,000 or more that is managed and facilitated by Aesir Capital Pty Ltd and completes within 15 months of the share placement that was completed on 14 December 2016. The Company considers it unlikely these options will vest and no value has been allocated during the year for this share based payment.

3. Employee options vest and become exercisable on the following dates provided the employee is an employee of the Company at the relevant vesting date:
   Vesting date 1: 1 March 2017 - 350,000 options
   Vesting date 2: 1 March 2018 - 350,000 options less 100,000 options cancelled during the year upon resignation of employee before vesting date
   Vesting date 3: 1 March 2019 - 350,000 options less 100,000 options cancelled during the year upon resignation of employee before vesting date

21. Share Based Payments (continued)

The assessed fair values of the options was determined using a binomial option pricing model or Black-Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the option. For the options granted during the current and previous financial year, the inputs to the model used were:

Grant date	16/11/2016	16/11/2016	22/12/2016	20/12/17	20/12/17
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%	100%
Risk-free interest rate (%)	1.760%	1.820%	2.040%	1.970%	2.120%
Expected life of options (years)	2	3	3.27	2	3
Underlying share price ($)	$0.45	$0.45	$0.42	$0.46	$0.46
Option exercise price ($)	$0.60	$0.80	$0.40	$0.60	$0.80
Value of option ($)	$0.2068	$0.2292	$0.2751	$0.2143	$0.2372

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2018 was 1.40 years (2017: 1.59 years).

The weighted average fair value of share-based payment options granted during the year was $0.2258 (2017: $0.2299) each.

Performance rights:

Each performance right converts into one fully paid ordinary share for nil cash consideration, upon the achievement of performance based milestones.

Set out below are the summaries of performance rights issued as share based payments:

2018

Type	Grant Date	Expiry Date	Balance 01/07/17	Granted	Converted	Forfeited	Balance 30/06/18
2.	29/11/17	31/12/18	-	1,500,000	-	-	1,500,000
3.	29/11/17	30/06/19	-	1,500,000	-	-	1,500,000
			-	3,000,000	-	-	3,000,000

2017

Type	Grant Date	Expiry Date	Balance 01/07/16	Granted	Converted	Forfeited	Balance 30/06/17
1.	28/11/14	27/05/17	3,000,000	-	-	(3,000,000)	-
			3,000,000	-	-	(3,000,000)	-

The weighted average remaining contractual life of performance shares outstanding at 30 June 2018 was 0.75 years (2017: nil years).

21. Share Based Payments (continued)

The various performance shares listed above were subject to milestones which are listed below. Unless otherwise noted, probability of achieving these milestones by their due date has been assessed as 100% at 30 June 2018 and is reassessed at each balance sheet date.

1. Management performance shares
   Milestone 1: Upon all of the following being achieved:
   (a) enter into 1 Australian re-seller agreement for the Dubber technology suite;
   (b) enter into re-seller and deployment partner agreement for the Dubber technology suite;
   (c) enter into a re-seller integration partner agreement with 1 Australian based telecommunications Carrier for the Dubber technology suite;
   (d) enter into a partner agreement with a technology company which will assist with establishing a re-seller/integration agreement for the Dubber technology suite in a jurisdiction outside of Australia.
   Milestone 2: Upon the following being achieved:
   $30,000 (ex GST) in billed monthly revenue via channel.
   Milestone 3: Upon the following being achieved:
   $100,000 (ex GST) ¡n billed monthly revenue via channel.
   Milestone 4: Upon the following being achieved:
   The Company breaking even, based on EBITDA over a rolling 3 month period. If this milestone is achieved, then Milestones 1, 2 and 3 will be deemed achieved.

   Milestone 1 was achieved on 14 September 2015 and 1,000,000 performance shares were converted into fully paid ordinary shares.
   Milestones 2, 3 and 4 expired on 27 May 2017 and 3,000,000 performance shares were cancelled.

2. Performance rights – Milestone 1
   Milestone: the Group achieving SaaS Revenue of $500,000 or more for at least two consecutive calendar months, by 31 December 2018.

3. Performance rights – Milestone 2
   Milestone: the Group achieving SaaS Revenue of $1,000,000 or more for at least two consecutive calendar months, by 30 June 2019.

21. Share Based Payments (continued)

Loan funded shares:

Set out below is the summary of loan funded shares granted as share based payments:

2018

Grant Date	Expiry Date	Exercise Price	Defer Type	Balance 01/07/17	Granted	Exercised	Expired or Forfeited	Balance 30/06/18	Number vested and exercisable
29/11/17	20/12/22	$0.360	1.	-	525,000	-	-	525,000	-
1/12/17	30/1/23	$0.555	2.	-	600,000	-	-	600,000	-
				-	1,125,000	-	-	1,125,000	-

The deferred loan funded shares are subject to vesting dates which are listed below. Probability of achieving these vesting dates have been assessed at 100% unless otherwise stated.

1. Loan funded shares vest on the following dates provided the employee is an employee of the Company at the relevant vesting date:
   Vesting date 1: 20 December 2018 - 175,000 loan funded shares
   Vesting date 2: 20 December 2019 - 175,000 loan funded shares
   Vesting date 3: 20 December 2020 - 175,000 loan funded shares

2. Loan funded shares vest on the following dates provided the employee is an employee of the Company at the relevant vesting date:
   Vesting date 1: 30 January 2019 - 200,000 loan funded shares
   Vesting date 2: 30 January 2020 - 200,000 loan funded shares
   Vesting date 3: 30 January 2021 - 200,000 loan funded shares

The assessed fair values of the loan funded shares was determined using a Black-Scholes model, taking into account the exercise price, term of loan, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the loan. For the loan funded shares granted during the current financial year, the inputs to the model used were:

Grant date	29/11/2017	1/12/2017
Dividend yield (%)	-	-
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	2.090%	2.470%
Expected life of loan (years)	5	5
Underlying share price ($)	$0.36	$0.555
Loan exercise price ($)	$0.36	$0.555
Value of loan funded share ($)	$0.2700	$0.4176

22. Parent Entity Disclosures

Summary Financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2018 $	2017 $
Statement of financial position		
Current assets	**2,099,689**	386,048
Non-current assets	**9,205,131**	7,286,317
Total assets	**11,304,820**	7,672,365
Current liabilities	**404,762**	323,843
Total liabilities	**404,762**	323,843
Net Assets	**10,900,058**	7,348,522
Equity		
Issued capital	**44,871,437**	31,312,336
Reserves	**7,377,133**	5,994,362
Accumulated losses	**(41,348,512)**	(29,958,176)
Total equity	**10,900,058**	7,348,522
Loss for the year	**(11,390,336)**	(9,856,045)
Total comprehensive loss	**(11,390,336)**	(9,856,045)

The parent entity had no expenditure commitments or contingent liabilities at 30 June 2018 or 30 June 2017.

23. Commitments

	Consolidated 2018 $	Consolidated 2017 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable – minimum lease payments		
- Not later than one year	**164,515**	158,952
- After one year but not more than five years	**55,464**	219,979
	219,979	378,931

Medulla Group Pty Ltd entered into a lease for the Group's principal place of business on Russell Street in Melbourne with an unrelated landlord which commenced on 24 October 2014. The initial term of the lease is five years, with an option to extend for a further term of five years. Rental for the first year is $145,000 per annum, however the first five months of the term is subject to a rent free period. On each anniversary of the lease commencement date, the rent will be increased by a fixed rate of 3.5%.

The Company has not declared a dividend.

24. Events Subsequent to Year End

There are no matters or circumstances that have arisen since 30 June 2018 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years other than as follows.

The financial report was authorised for issue on 28 September 2018 by the Board of Directors.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, and:

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

   (b) give a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance for the financial year ended on that date.

2. The Managing Director and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the accounting standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Peter Clare.

Peter Clare
Chairman

Dated: 28 September 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Dubber Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dubber Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its 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 APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 (b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Intangible Assets

Key audit matter	How the matter was addressed in our audit
As detailed in Note 7 of the financial report, the Group has performed an impairment test for its Intangible Assets at 30 June 2018. The assessment of the carrying value of the Intangible Assets is considered to be a key audit matter due to the significance of the assets to the Group's consolidated financial position, and the assessment requires management to make significant judgements and estimates in determining the key assumptions used in the recoverable amount as disclosed in note 1(y). As set out in Note 7, the director's assessment of the recoverability is supported by a fair value less costs of disposal methodology.	Our procedures included, but were not limited to the following: • Challenging the appropriateness of the Capitalised Market Approach (fair value less cost of disposal) valuation method used to determine the fair value in accordance with AASB 13 Fair Value; • Assessing the carrying value of Dubber's net assets with regard to the group's market capitalisation as at 30 June 2018; and • Assessing the adequacy and completeness of the related disclosures in Note 1(y) and Note 7 to the financial report.

Accounting for Share-based Payments

Key audit matter	How the matter was addressed in our audit
As disclosed in note 11 and note 21 to the financial report, the Group has issued a number of shares, options and performance rights which have been accounted for as share-based payments during the year. Refer to Note 1(u) and Note 1(y) of the financial report for a description on the accounting policy and the significant estimates and judgements applied to these arrangements. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of financial instruments and how the share-based payments should be recognised, therefore we consider the accounting of the share-based payments to be a key audit matter.	Our procedures included, but were not limited to the following: • Holding discussions with management to understand the share-based payment arrangements in place; • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists, to assess the reasonableness of management's valuation inputs including volatility; • Assessing management's assessment of the probability of non-market conditions vesting relating to performance rights issued during the year; • Assessing the allocation of the share-based payment expense over the expected vested periods; and • Assessing the adequacy and completeness of the related disclosures in Note 1(u), Note 1(y), Note 11 and Note 21 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, 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 on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

BDO

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 27 of the directors' report for the year ended 30 June 2018.

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

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 28 September 2018

Additional Shareholder Information

The following additional information is current as at 17 September 2018.

CORPORATE GOVERNANCE:

The Company's Corporate Governance Statement is available on the Company's website at www.dubber.net/investors.

SUBSTANTIAL SHAREHOLDER:

Holder Name	Holding	% IC
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,316,078	5.22%

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	440	103,650	0.07%
1,001 - 5,000	273	739,454	0.53%
5,001 - 10,000	164	1,356,410	0.97%
10,001 - 100,000	544	22,887,729	16.34%
100,001 - 9,999,999,999	227	114,992,191	82.09%
Totals	**1,648**	**140,079,434**	**100.00%**

There are 467 shareholders with less than a marketable parcel.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

THE TOP 20 HOLDERS OF ORDINARY SHARES ARE:

Position	Holder Name	Holding	% IC
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,316,078	5.22%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,367,725	4.55%
3	UBS NOMINEES PTY LTD	5,837,113	4.17%
4	STEVE MCGOVERN NOMINEES PTY LTD	4,516,124	3.22%
5	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,942,152	2.81%
6	PENELOPE SLANEY <PJ SLANEY FAMILY A/C>	2,674,831	1.91%
7	ONE MANAGED INVESTMENT FUNDS LIMITED <TECHNICAL INVESTING ABSOLUTE RETURN A/C>	2,460,072	1.76%
8	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	2,282,830	1.63%
9	JALSU PTY LTD <THE FISHER ASSETS A/C>	2,034,081	1.45%
10	BOSTON FIRST CAPITAL PTY LTD	1,719,713	1.23%
11	DR DIETER ALBERT OTTO KLEIN	1,698,956	1.21%
12	MR STUART JAMES HERCULES	1,510,000	1.08%
13	4SIGHT NOMINEES PTY LTD	1,428,572	1.02%
14	CHUA & KIANG PTY LIMITED	1,345,000	0.96%
15	MR MARK MADAFFERI	1,339,712	0.96%
16	SLANEY HOLDINGS PTY LTD (CONTROLLERS APPOINTED)	1,330,000	0.95%
17	MR JOSEPH CHARLES CAMUGLIA & MRS KIRSTEN INGRET CAMUGLIA <JOSEPH CAMUGLIA S/FUND A/C>	1,200,000	0.86%
17	MOSCH PTY LTD	1,200,000	0.86%
18	ARREDO PTY LTD	1,190,477	0.85%
19	MR DAVID MCFARLANE & MRS JULIETTE MCFARLANE <MCFARLANE SUPER FUND A/C>	1,033,571	0.74%
20	M CONWAY INVESTMENTS PTY LTD <CONWAY FAMILY A/C>	1,000,000	0.71%
20	VAULT (WA) PTY LTD <VAULT A/C>	1,000,000	0.71%
20	VENN MILNER SUPERANNUATION PTY LTD	1,000,000	0.71%
20	GOLDFRAY INVESTMENTS PTY LTD	1,000,000	0.71%
20	MR JOHN JOSEPH CAMUGLIA & MRS NATASHA CAMUGLIA <JOHN CAMUGLIA SUPER FUND A/C>	1,000,000	0.71%
20	MR ANTHONY JOHN CAMUGLIA & MRS ROSEMARIE CAMUGLIA <ANTHONY CAMUGLIA S/FUND A/C>	1,000,000	0.71%
20	V M NOMINEES PTY LTD	1,000,000	0.71%
	Total	59,427,007	42.42%
	Total issued capital - selected security class(es)	140,079,434	100.00%

UNQUOTED EQUITY SECURITIES

Number	Number of Holders	Class	Holders More than 20%
100,000	1	Unlisted options exercisable at 72 cents expiring 31/3/2019	Stamford Vision Pte Ltd
2,175,000	8	Unlisted options exercisable at 25 cents expiring 31/3/2019	ESOP
850,000	4	Unlisted options exercisable at 40 cents expiring 31/3/2020	ESOP
2,000,000	1	Unlisted options exercisable at $0.60 expiring 27 January 2019.	Aesir Capital Pty Ltd
2,000,000	1	Unlisted options exercisable at $0.80 expiring 27 January 2020	Aesir Capital Pty Ltd
2,000,000	1	Unlisted options exercisable at $0.80 expiring 27 January 2020	Mila Investment Co. Pty Ltd
2,000,000	1	Unlisted options exercisable at $0.80 expiring 27 January 2020	Mila Investment Co. Pty Ltd
3,000,000	3	Performance Rights expiring 30 June 2019	ESOP