SYNTONIC

Reimagining the Mobile Internet

ANNUAL REPORT
2017

Syntonic Limited | ABN 68 123 867 765

SYNTONIC

CORPORATE DIRECTORY

DIRECTORS:	Dr Gary Greenbaum – Managing Director and CEO Mr Rahul Agarwal – Executive Director and CTO Mr Steven Elfman – Non-Executive Chairman Mr Christopher Gabriel – Non-Executive Director Mr Nigel Hennessy – Non-Executive Director
JOINT COMPANY SECRETARY:	Mr Steven Wood Ms Kate Sainty
OFFICES:	***United States:*** 119 First Avenue, Suite 100, Seattle WA 98104, USA Tel: +1 206 408 8072 ***Australia:*** 945 Wellington Street, West Perth WA 6005, Australia Tel: +61 8 9322 7600
STOCK EXCHANGE LISTING:	Australian Securities Exchange (ASX Code: **SYT**) Level 40, 152-158 St Georges Terrace, Perth WA 6000, Australia
SHARE REGISTER:	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace, Perth WA 6000, Australia Tel: +61 3 9415 4000
BANKERS:	***United States:*** Wells Fargo & Company ***Australia:*** Westpac Banking Corporation
SOLICITORS:	***United States:*** Wilson Sonsini Goodrich & Rosati ***Australia:*** DLA Piper
AUDITOR:	HLB Mann Judd Level 4, 130 Stirling Street, Perth WA 6000, Australia

CONTENTS

	Page
Letter to Shareholders	1
Directors' Report	5
Auditor's Independence Declaration	20
Consolidated Statement of Profit or Loss and Other Comprehensive Income	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Financial Statements	25
Directors' Declaration	57
Independent Auditor's Report	58
Corporate Governance	62
ASX Additional Information	63

LETTER FROM THE CO-FOUNDERS

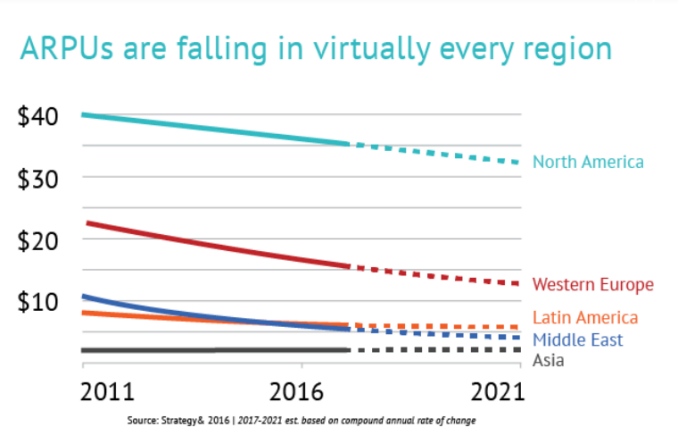
To our fellow Shareholders

I am pleased to present the 2017 Annual Report of Syntonic Limited.

This was our first financial year as a public company on the Australian Securities Exchange (ASX) and was a landmark year for product deployment and business growth. Our listing was a major milestone, providing us the foundation of a strong balance sheet on which to build the next phase of company growth.

We started Syntonic four years ago, recognizing that the mobile data plan was artificially limiting the full monetization potential of the mobile Internet. Mobile phones have become an essential tool of modern life as they transformed from simple communications devices to conduits for connecting you to your world of friends, family, entertainment, news and more. The great value creation in mobile has shifted from voice, text, and data access to apps and content such as Facebook, Netflix, Spotify and enterprise tools. Mobile operator business models, however, have not kept pace with how you use your smartphone; and as a result, the carriers have been left out of the value creation of the 4th Wave of Mobile Innovation [Chetan Sharma Consulting, 2013].

Syntonic's disruptive vision is to provide the platform and services to enable and monetize content services on the mobile Internet. Syntonic is replacing commodity data-plans with content-centric models that are aligned with what consumers and enterprises value. Mobile content-subscriptions, pay-per-view, on-demand purchase, and ad-supported content offerings are just a few of the innovative solutions that Syntonic is bringing to market. For example, why suffer expensive international data rates while traveling abroad when most travel and transportation apps, such as Lyft, Airbnb, and Expedia, would be willing to sponsor your access to incentivize commerce?



The market timing for Syntonic's solutions is ideal. For the first time, mobile operators worldwide are experiencing a decline in their average-revenue-per-user (ARPU). This revenue decline is happening at the same time carriers are heavily investing in 5G infrastructure, an investment that's required for future proofing their relevance in mobile services. Syntonic has emerged as the market leader, and our solutions are in demand because we enable operators to capture new high-margin, content-based revenue streams; to participate in the US$180B mobile advertising market [eMarketer, March 2017]; and to transition their business with differentiated, unique services that deepen consumer and business relationships.

We are seeing strong early interest and investment in content services from carriers around the globe. In developed economies, investments are driven by a rush to avoid commoditization; while in emerging markets the impetus is to better monetize limited connected and unconnected mobile users. Syntonic's content services technologies are well positioned and timely to provide differentiation and new revenue streams to carriers.

Complementing Syntonic's carrier sell-in strategy, we launched our over-the-top ("OTT") solution by integrating our platform with carriers across the globe to provide these services directly to consumers and enterprises. Syntonic's OTT network has an enormous advantage in global reach, most directly for advertisers who are seeking massive scale and highly targeted demographics.

Syntonic flagship solutions are Freeway by Syntonic® (for consumers) and Syntonic DataFlex® (for businesses). The Syntonic Connected Services Platform™ (CSP) technology underpins both solutions and is also licensed to mobile carriers.

Freeway by Syntonic

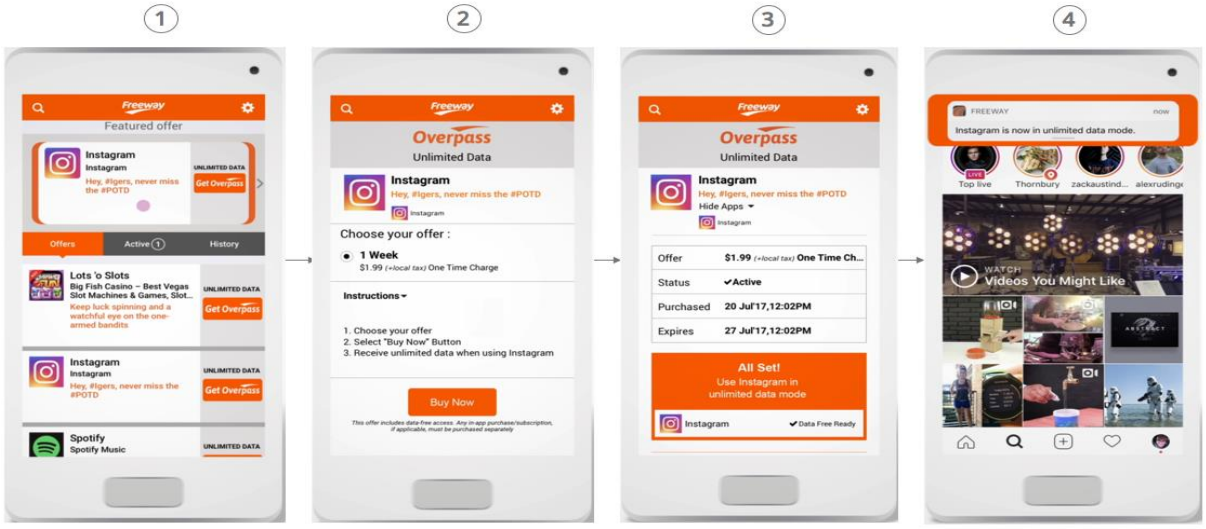


Figure 1 Syntonic Overpass User Experience

Freeway provides consumers ad supported, sponsored and subscription access to mobile content and applications. Freeway is supported by content providers and application developers who pay for the consumer's mobile data as a component of their marketing budgets which are designated to increase brand awareness, acquire new users, increase consumer engagement, and monetize their content. Freeway provides a new efficient way to spend those budgets with support for unlimited access content subscriptions (shown above), paid single use offers, sponsored data, data rewards, and other emerging approaches to connect consumers with mobile content.

Syntonic DataFlex

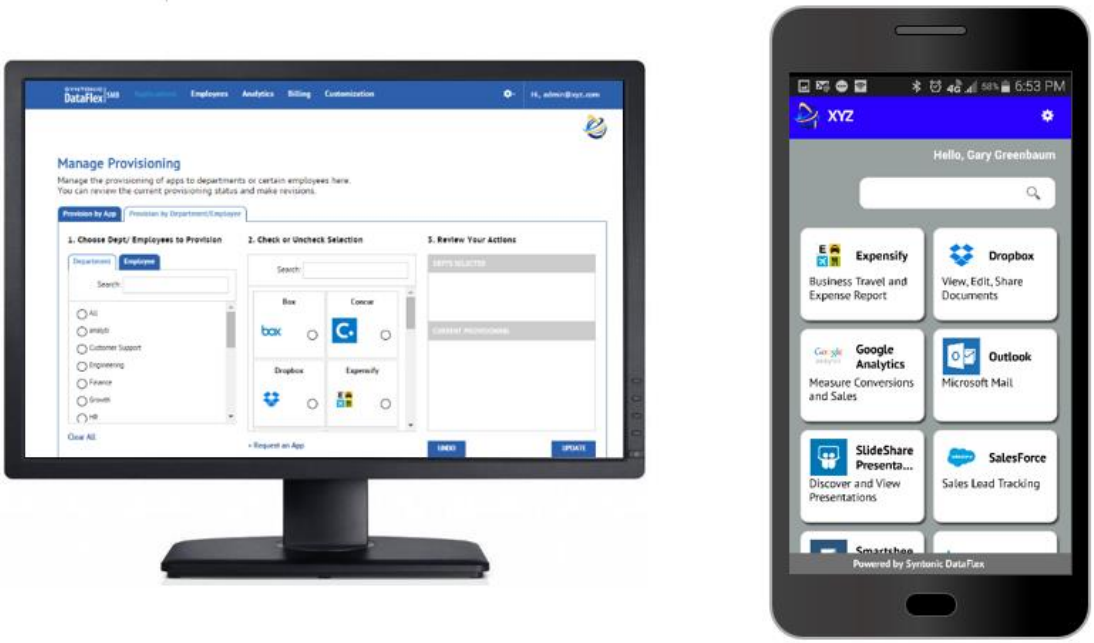


Figure 2 Syntonic DataFlex Management Console and Employee Application

Our business product, Syntonic DataFlex, provides a cost effective, mobile split billing solution to separate personal from business use on employee smartphones. The separation of personal and business use is economically and analytically valuable to the enterprise. Our mobile split billing solution can save employers up to 50% of their Bring Your Own Device ("BYOD") expenses and provides mission critical data analytics to help businesses understand how mobile applications are being used within the enterprise.

Achievements for the financial year

During the 2017 financial year, we officially re-listed on the ASX and made significant progress in converting major new business opportunities into binding agreements. These agreements initiated ongoing recurring revenue streams and provided the platform for Syntonic to pursue further growth in FY2018. Our 2017 financial year achievements included:

- Extending and signing new agreements with major telco carriers, in particular, Tata Communications, AT&T, and Verizon Wireless.

  Of notable significance was the agreement signed with Verizon Wireless in September 2016. This relationship with Verizon, the largest telco operator in the United States with over 100 million subscribers, was expanded in March 2017 under a comprehensive licensing agreement for our platform technologies to use and sublicense the Syntonic Connected Services Platform and Freeway SDK™ ('software development kit') to enable data-free content services for its mobile subscribers. This engagement resulted in immediate recurring revenues that will continue to ramp as Verizon expands its content services business.

  With the AT&T and Verizon engagements, Syntonic ended the year with an addressable U.S. audience for Freeway by Syntonic, the Company's consumer offering, of 140 million subscribers, which amounts to almost 75% of the U.S. smartphone market.

- Globally launching Freeway in four major geographies: Southeast Asia (Indonesia and Malaysia), Latin America, (Mexico), India, and the United States.

- Exceeding our Performance Milestone one objective, reaching a 100 million addressable audience for the Freeway product in January 2017, five months ahead of schedule.

- Securing partnerships with some of the world's top game and content publishers to provide Freeway with sponsored content offerings for consumers. This included agreements with Reliance Games, the mobile gaming division of the Reliance Entertainment-Digital Group; Zapak Digital Entertainment, India's largest online casual gaming site, and Perform Group, owner of GOAL – the world's number one digital football association with over 60 million monthly fans. We recognize the games sector as having strong growth potential for Syntonic, with 185 million mobile gamers in India alone, downloading an average of 4.4 games per month.

- Maintaining a well-funded basis to execute on these growth opportunities with a combined capital raising of A$7.64 million in FY2017 through an initial public offering and a subsequent oversubscribed placement.

One particular milestone that we would like to highlight is the development of Freeway Overpass™, the world's first cross-carrier OTT mobile content service. Overpass launched commercially in late June in the U.S. on the AT&T and Verizon networks. The service provides mobile subscribers the means to access content beyond their data plan by offering unlimited data for leading apps. For example, mobile subscribers can purchase an Overpass subscription or accept a sponsored offer for their favorite video app to watch television without impacting their mobile data plan. In conjunction with the launch on iOS, the Freeway Overpass marketing push for these new services commenced in September 2017 with revenues building over the coming quarters.

We would also like to note the developments of our enterprise solution, Syntonic DataFlex. In FY2017 we deliberately concentrated our efforts on Freeway to ensure it was well positioned to quickly capture the rapidly growing opportunity in content services. Notwithstanding, Syntonic DataFlex continued to indirectly advance throughout the year thanks to ongoing core-technology enhancements, performance optimizations, and product innovations in our Connected Services Platform and application technologies. We also commissioned the first-of-its-kind enterprise employer and employee survey, conducted on our behalf by Information Solutions Group (ISG), which provided crucial data on how Syntonic can most effectively capture the mobile split billing market.

Of particular significance, this research concluded that businesses in the U.S. overspend more than US$4.47 billion annually [ISG revised, 2016] on BYOD reimbursements. The potential savings that Syntonic DataFlex can deliver to the Enterprise are substantial and compelling. Our plan is to pursue Syntonic DataFlex initiatives in calendar year 2018 to realize the opportunities available in enterprise mobile split billing.

Corporate

Syntonic's leadership team has continued to evolve to ensure we have the best personnel in place to execute on our product vision and to capture business opportunity. Additionally, Syntonic has a world-class corporate board with in-depth technology industry experience and a record of building profitable firms in public markets. In the period, Syntonic welcomed Steve Elfman, former President of Sprint, a major U.S. telecommunications company, as Non-Executive Chairman; Nigel Hennessy, a recognized leader in technology commercialization, as a Non-Executive Director; and Chris Gabriel, former Chief Executive Officer of Zain Africa, as a Non-Executive Director.

We would also like to take this moment to thank Ian Middlemas for his invaluable contribution during his tenure as Non-Executive Chairman, particularly his assistance in guiding the Company's public listing and IPO process.

Looking ahead

In the year, we constructed essential foundations for Syntonic and delivered on the core milestones we set out to achieve. In particular, Syntonic launched its product offering in major regions, partnered with key content providers, and provided sponsored data services on two of the world's top three mobile networks. The Company made history as the world's first cross-carrier provider of sponsored data services with the deployment of Freeway on both the Verizon and AT&T mobile networks. These are all tremendous achievements for a business still in its early days. It's also notable that we have continued to take on new opportunities and challenges as they present themselves; for example, we did not anticipate OTT (Overpass) and Verizon business opportunities at the start of 2016.

Mobile content services are no longer prospective---they're being actively deployed today around the world. No doubt, we are still in the early days of this global transformation where some of our activities are limited to trials and limited releases. However, the early seeds we planted in these new services have provided the Company with the knowledge and experience to fine tune technology and business models for deployments in an inexhaustible ecosystem spanned by 4.8 billion mobile subscribers, US$1.05 trillion of operator data revenues, and 5% of the world GNP. [GSMA, Mobile Economy 2016]

In this environment, the Company must remain agile and adaptable to accommodate an ever-changing marketplace. With the appropriate products, people, and a culture of ongoing innovation we are confident Syntonic will be able to deliver on our strategy, grow our business, and capture additional unanticipated opportunities. Our content-centric vision is to transform how consumers experience and businesses monetize the mobile Internet. We believe Syntonic is uniquely positioned to be a major participant in the value creation in the current wave of mobile innovation with its proven, transformative technology platform and world-class talent.

On behalf of the Board, we wish to thank each member of the Syntonic team for the energy and dedication they have shown, day in and day out. We are extremely proud of the expertise and client focus our people bring to the table. We also want to thank you, our shareholders, for your continuing support, your commitment and above all for your trust.

As we enter a new financial year, I look forward to updating you on our progress.

Gary Greenbaum

Co-Founder and CEO, Syntonic

Rahul Agarwal

Co-Founder and CTO, Syntonic

DIRECTORS' REPORT

The Directors of Syntonic Limited present their report on the Consolidated Entity consisting of Syntonic Limited ("**Company**" or "**Syntonic**") and the entities it controlled at the end of, or during, the year ended 30 June 2017 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

The names and details of the Company's directors in office at any time during the financial year or since the end of the financial year are:

Dr Gary Greenbaum	Managing Director and Chief Executive Officer *(appointed 8 July 2016)*
Mr Rahul Agarwal	Executive Director, President and Chief Technology Officer *(appointed 8 July 2016)*
Mr Steven Elfman	Non-Executive Director *(appointed 5 October 2016)*
	Non-Executive Chairman *(appointed 30 June 2017)*
Mr Christopher Gabriel	Non-Executive Director *(appointed 5 October 2016)*
Mr Nigel Hennessy	Non-Executive Director *(appointed 30 June 2017)*
Mr Ian Middlemas	Non-Executive Chairman *(resigned 30 June 2017)*
Mr Mark Pearce	Non-Executive Director *(resigned 5 October 2016)*
Mr David Parker	Non-Executive Director *(resigned 8 July 2016)*

Unless otherwise stated, Directors held their office from 1 July 2016 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Dr Gary S. Greenbaum *Ph.D*

Managing Director and Chief Executive Officer

Dr Greenbaum is the CEO and Managing Director of Syntonic and co-founder of Syntonic Wireless, Inc. Dr Greenbaum has been a thought leader and technology pioneer in two of the most significant technology revolutions of the past 20 years: digital media and mobile computing. Dr Greenbaum's unique balance of business acumen and technical expertise has enabled him to make seminal contributions at every stage in his professional career from co-founding a highly successful Silicon Valley start-up to leading international teams at large multinational corporations.

Dr Greenbaum has previously held a number of executive positions at Microsoft and Hutchison Whampoa Ltd. Previously to these appointments, Dr Greenbaum founded an IP-based video conferencing company that was acquired by RealNetworks, where he led the development of the award winning and ubiquitously used RealVideo streaming technology. Dr Greenbaum is the author of 8 patents granted for Microsoft and RealNetworks, and several Syntonic pending patents. Dr Greenbaum received his Ph.D. in high energy particle physics at the University of California and was a visiting scholar at the Stanford Linear Accelerator Centre.

Dr Greenbaum was appointed a Director of the Company on 8 July 2016. During the three year period to the end of the financial year, Dr Greenbaum has not held any other directorship in listed companies.

Mr Rahul Agarwal

Executive Director, President and Chief Technology Officer

Rahul Agarwal is the CTO and President of Syntonic and co-founder of Syntonic Wireless, Inc. Mr Agarwal is a qualified computer engineer and tech entrepreneur with over 20 years in the sector and is an expert in architecting large-scale multi-platform client-server solutions, instituting development and quality processes and managing technical teams.

Mr Agarwal has previously held senior roles at RealNetworks including: Director of Engineering, where he was responsible for striking numerous technology partnerships with mobile operators and mobile handset manufacturers; and Chief Architect for RealNetworks' second-generation Helix media consumption platform. Mr Agarwal also founded Adroit Business Solutions, a technology solutions provider that developed numerous high-tech mobile and security solutions for several Fortune 100 companies, mid-sized and early stage companies. Mr Agarwal earned his Master's in Computer Science from West Virginia University.

Mr Agarwal was appointed a Director of the Company on 8 July 2016. During the three year period to the end of the financial year, Mr Agarwal has not held any other directorship in listed companies.

DIRECTORS' REPORT (Continued)

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Steven Elfman
Non-Executive Chairman

Mr Elfman has over 20 years' experience working in the wireless industry and brings unparalleled knowledge in wireless infrastructure and mobile applications, holding several executive leadership positions at leading U.S. carriers. He founded and currently serves as Executive Managing Partner at Argyle Griffin Group after holding the position of President of Network Operations and Wholesale at U.S. telecommunications company Sprint. Prior to joining Sprint, Mr Elfman was Executive VP of Mobile at InfoSpace until its sale to Motricity and was Senior VP and CIO of AT&T Wireless. Mr Elfman currently sits on the Board of CollabIP, Affirmed Networks, Smith Micro

Mr Elfman was appointed a Director of the Company on 5 October 2016 and subsequently appointed Non-Executive Chairman on 30 June 2017. During the three year period to the end of the financial year, Mr Elfman has held a directorship in listed company Smith Micro (NASDAQ).

Mr Christopher Gabriel *B.Bus, LLB, MBA, CPA*
Non-Executive Director

Mr Gabriel is based in Sydney and brings deep, hands-on experience leading international businesses in the mobile technology and telecommunications industry. Mr Gabriel was a key member of the leadership team who established and grew Optus in Australia through to ultimate sale to SingTel. As Chief Financial Officer of Bahrain Telecommunications Company, he drove regional expansion throughout the Middle East, and in his three years as Chief Executive Officer at telco Zain Africa, he doubled revenue and customer numbers and more than tripled its value to $10.7 billion when sold to Bharti Airtel. In addition, Mr Gabriel has been instrumental in the establishment, success and sale of several mobile-focused start-ups, including Alive Mobile, Call Journey and Tzukuri. Mr Gabriel remains active in the Mobile Towers sector in Asia and is also a Strategic Advisor to several global Private Equity firms and Australian Incubators.

His proven ability grow companies globally comes at a pivotal time for Syntonic following its successful listing on the ASX and expansion in Southeast Asia and beyond.

Mr Gabriel was appointed a Director of the Company on 5 October 2016. During the three year period to the end of the financial year, Mr Gabriel has held directorships in listed companies, PT Telekom Infranusantara and PT Komet Infra Nusantara (IDX).

Mr Nigel Hennessy *BSc(Hons), FAICD Dip, Dip FP*
Non-Executive Director

Mr Hennessy is a recognised leader in technology commercialisation. He has held numerous executive and board director roles in large and small companies – including BAE Systems Australia Ltd, CCN/Cabcharge Ltd, Simoco Pacific Networks Pty Ltd, Adacel Technologies Ltd, AquaSpy, Inc. and EASAMS Ltd. He has also worked with numerous emerging technology companies as a Commercialisation and Investment Adviser in Australia, the U.S., China, Hong Kong and the UK.

Mr Hennessy has published essays on entrepreneurial governance structures for the Australian Institute of Company Directors and is a regular presenter at conferences and guest lecturer at universities throughout Australia. Additionally, he has also been a Commercialisation Adviser to the Federal Government of Australia since 2009.

Mr Hennessy was appointed a Director of the Company on 30 June 2017. During the three year period to the end of the financial year, Mr Hennessy has not held any other directorship in listed companies.

DIRECTORS' REPORT (Continued)

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Steven Wood *B.Com, CA*
Joint Company Secretary

Mr Wood is a Chartered Accountant and was appointed to the position of Joint Company Secretary on 6 June 2017. Mr Wood is an employee of Grange Consulting Group Pty Ltd which provides a unique range of corporate and financial services to listed and unlisted companies.

Ms Kate Sainty *B.Com, CA*
Joint Company Secretary

Ms Sainty is a Chartered Accountant and Chartered Secretary. Ms Sainty was appointed to the position of Joint Company Secretary on 6 June 2017 and is an employee of Grange Consulting Group Pty Ltd providing a unique range of corporate and financial services to listed and unlisted companies.

PRINCIPAL ACTIVITIES

During the financial year, the Company completed its acquisition of 100% of the issued capital of Syntonic Wireless, Inc., a Seattle-based software company ("Acquisition"). From 8 July 2016, the principal activity of the Consolidated Entity has been the provision of mobile technology services to businesses and consumers.

Prior to 8 July 2016, the principal activities of the Consolidated Entity consisted of mineral exploration and the identification and acquisition of new business opportunities in the resource and other sectors. The Acquisition resulted in a change to the nature of the Company's activities from a mineral exploration company to a technology company. Shareholders approved this change at a General Meeting on 23 May 2016.

OPERATING AND FINANCIAL REVIEW

Operations

Reverse Takeover of Syntonic Wireless, Inc.

In July 2016, the Company completed its acquisition of Syntonic Wireless, Inc. and completed its public share offer pursuant to its prospectus dated 13 May 2016, and supplementary prospectus dated 16 June 2016 after successfully raising the maximum amount of $2,200,000.

The acquisition of Syntonic Wireless, Inc. was completed on 8 July 2016, following which Syntonic Limited re-commenced trading on the ASX on 20 July 2016 under ASX code "SYT.

The following Board and key management changes occurred as part of the Acquisition:

- Appointment of Mr Gary Greenbaum as Managing Director & CEO on 8 July 2016;
- Appointment of Mr Rahul Agarwal as Executive Director, President & CTO on 8 July 2016;
- Resignation of Mr David Parker as Non-Executive Director on 8 July 2016.

About Syntonic

Syntonic is a leader in mobile content services and is transforming how consumers and businesses access applications and content across the mobile Internet. Syntonic supports two core solutions, Freeway by Syntonic®, which provides consumers sponsored and paid subscription access to content and applications, and Syntonic DataFlex®, which enables businesses to manage split billing expenses for employee personal smartphones that are used for work. The Syntonic Connected Services Platform™ (CSP) technology underpins both solutions and is licensed to mobile carriers.

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Highlights

The principal activities during the period included:

- Syntonic re-listed on the Australian Securities Exchange ("ASX") under the code "SYT" and commenced trading on 20 July 2016, after successfully raising A$2.2 million through its public offering;
- In July 2016, the Company appointed Dr Gary Greenbaum as Managing Director and CEO and Mr Rahul Agarwal as Executive Director, President and CTO;
- Syntonic extended its strategic software licensing agreement with Tata Communications, granting the telco aggregator a perpetual license to Syntonic's technologies in return for an enhanced net revenue share generated by the Syntonic Connected Services Platform;
- Syntonic successfully negotiated with AT&T for a discount of more than 70% in data pricing, opening opportunities to offer a multi-carrier, over-the-top mobile video service in the U.S.;
- Agreement signed with Verizon Wireless, the largest telco operator in the United States with more than 100 million subscribers. The initial agreement was to enable Syntonic's cross-carrier application, Freeway by Syntonic, on Verizon's FreeBee Perks and on the Verizon FreeBee Data network;
- In March this year, Verizon Wireless signed a comprehensive licensing agreement for Syntonic's platform technologies, deploying and sublicensing the Freeway SDK ('software development kit") to enable data-free content services for their mobile subscribers. Verizon integrated and deployed the Freeway SDK with its data-free apps, including native installation on its LG K20 V and Motorola Z2 Play smartphones. Minimum revenue guarantees are assured through the initial license grant, generating on-going monthly revenue;
- Freeway by Syntonic was launched in four major geographies: Southeast Asia (Indonesia and Malaysia), Latin America, (Mexico), India and the U.S. In India, Freeway by Syntonic data rewards were made available on the four largest mobile carriers: Airtel India, Vodafone India, Idea Cellular, and Reliance Mobile. While in Mexico, Freeway supports the leading mobile carriers Telcel and Movistar, which have a combined addressable market of over 40 million smartphone subscribers;
- Completion of oversubscribed A$5,440,000 placement in November 2016, enabling Syntonic to execute immediate growth opportunities and accelerate the Company's expansion plans;
- Syntonic exceeded its Performance Milestone 1 objective, reaching an addressable audience of 100 million for the Freeway product, five months ahead of schedule;
- Syntonic unveiled Freeway 2.0 on both Android and iOS, with the app and services available in English and in Spanish;
- The Company signed agreements with major content providers – including Zapak Digital Entertainment, Hersch Games, Nazara Technologies, Perform Group, and Reliance Games – to provide Freeway with sponsored content offerings for worldwide distribution;
- Syntonic's participation at worldwide mobile industry events, such as the Consumer Electronics Show (Las Vegas), CTIA Super Mobility 2016 (Las Vegas), and Mobile World Congress (Barcelona); and the Company keynoted and hosted the first sponsored data panel discussion with industry leading executives from Telefonica, Tata Communications, and Etisalat Nigeria;

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Highlights (Continued)

- Launch of the Freeway Campaign Manager™ 2.0, an online solution for content providers and app developers to create, deploy, and measure targeted acquisition and engagement campaigns using sponsored data and data rewards;

- New independent employer and employee survey conducted on Syntonic's behalf by Information Solutions Group (ISG), highlighting the demand opportunity for U.S. businesses to utilize the Syntonic DataFlex mobile split billing solution;

- The Company made several Board Appointments during the financial year. Steve Elfman, former President of Sprint, a major U.S. telecommunications company, was appointed as Non-Executive Chairman, replacing Ian Middlemas, who stepped down as part of a planned Board succession strategy. While Chris Gabriel, former Chief Executive Officer of Zain Africa, and Nigel Hennessy, a recognised leader in technology commercialization, were appointed as Non-Executive Directors;

- Syntonic also appointed Mr Steven Wood and Ms Kate Sainty as joint Company Secretaries. Mr Wood and Ms Sainty replace Mr Gregory Swan who, as part of a planned transition, resigned as Company Secretary; and

- In June 2017, Syntonic launched the first cross-carrier Over-the-Top (OTT) mobile video service, Freeway Overpass™, in the U.S. using its Connected Services Platform. Overpass was initially made available to AT&T and Verizon subscribers with Android devices. The service provides sponsored and paid subscriptions to unlimited data for content and apps for a specified time, such as a day, week, or month, without impacting a user's mobile data plan. The iOS version of Freeway Overpass was subsequently made available on the Apple App Store in September 2017. In conjunction with the iOS launch, marketing activities for Freeway Overpass have begun in the U.S. through direct paid acquisition, demographic targeting, and social media programming.

Results of Operations

The net loss of the Group attributable to members of the Company for the year ended 30 June 2017 was $25,762,930 (2016: $1,637,717).

This loss is largely attributable to the treatment of the acquisition of Syntonic Wireless, Inc. during the year as a reverse acquisition which has resulted in a $21,587,622 cost of listing being included in the result for the year (refer to Note 20 for further information).

Financial Position

At 30 June 2017, the Group had cash reserves of $4,910,375 (2016: $114,811) and no debt placing the Group in a strong position to conduct its current activities and to pursue new business development opportunities.

At 30 June 2017, the Company had net assets of $4,828,160 (2016: net liability of $4,268,237).

Business Strategies and Prospects for Future Financial Years

Following completion of the Acquisition in July 2016, the principal activity of the Group has been the provision of mobile technology services to businesses and consumers.

The objective of the Group is to create long-term shareholder value through the development and commercialization of Syntonic's proprietary software technology, comprising the Connected Services Platform™, which supports two technologies, Freeway by Syntonic® and Syntonic DataFlex®.

DIRECTORS' REPORT (Continued)

Business Strategies and Prospects for Future Financial Years (continued)

Syntonic intends to continue to actively grow its global business by capturing the demand from operator customers and content sponsors for Freeway by Syntonic in South East Asia and Latin America and Syntonic DataFlex in North America and Europe.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations.

LOSS PER SHARE

	2017 Cents	2016 Cents
Basic and diluted loss per share	**(1.18)**	**(0.21)**

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) On 8 July 2016, the Company completed its acquisition of 100% of the issued shares of Syntonic Wireless, Inc. ("Acquisition") and completed its public share offer pursuant to its prospectus dated 13 May 2016 and supplementary prospectus dated 16 June 2016 after successfully raising the maximum amount of $2,200,000.

(ii) On 8 July 2016, the Company appointed Dr Gary Greenbaum as Managing Director and Chief Executive Officer ("CEO") and Mr Rahul Agarwal as Executive Director, President and Chief Technology Officer ("CTO") of the Company.

(iii) On 12 July 2016, the Company changed its name from "Pacific Ore Limited" to "Syntonic Limited" following shareholder approval received at the Company's general meeting held on 23 May 2016 and was subsequently reinstated to official quotation on the ASX under the new ASX ticker "SYT" following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules on 20 July 2016.

(iv) On 5 October 2016, the Company appointed Mr Steve Elfman, former President of Sprint, a major U.S. telecommunications company, and Mr Chris Gabriel, former CEO of Zain Africa and Top-100 Global Telca Influencer, as Directors of the Company.

(v) On 24 November 2016, the Company completed a placement of 160,000,000 shares to sophisticated investors to raise A$5,440,000.

(vi) On 5 January 2017, 166,666,666 performance shares converted to ordinary fully paid shares upon achievement of the first performance milestone objective of reaching an addressable audience of 100 million for the Freeway product.

(vii) On 30 June 2017, Mr Steven Elfman was appointed Non-Executive Chairman of the Board following the resignation of Mr Ian Middlemas and Mr Nigel Hennessy was appointed to the Board as a Non-Executive Director of the Company.

DIRECTORS' REPORT (Continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

i. On 15 September 2017, the Company announced that Freeway Overpass is now available on the Apple App Store and therefore is accessible to iPhone users on the AT&T and Verizon networks. With the launch on the App Store, Freeway Overpass has increased is addressable audience to over 140 million Verizon and AT&T customers. The marketing activities to drive U.S. consumer awareness and adoption for Freeway Overpass have also begun.

ii. Freeway by Syntonic was nominated for the prestigious World Summit Award 2017 for the best and most innovative digital solution.

iii. On 22 September 2017, the Company issued 7,800,000 unlisted options as part of its approved Employee Incentive Option Plan.

Other than as outlined above, there are no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Group.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of the report	
	Ordinary Shares[1]	Performance Shares[2]
Gary Greenbaum	469,194,728 [3]	166,666,667 [3]
Rahul Agarwal	469,194,728 [3]	166,666,667 [3]
Steven Elfman	1,300,000	-
Christopher Gabriel	1,300,000	-
Nigel Hennessy	-	-

Notes:

[1] "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.

[2] "Performance Shares" means an unlisted performance share that converts into one Ordinary Share in the capital of the Company upon the satisfaction of the various performance milestones.

[3] These Ordinary Shares and Performance Shares are subject to ASX escrow until 20 July 2018.

SHARE OPTIONS

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

Date Options Granted	Expiry Date	Exercise Price	Number Under Option
08 July 2016	08 July 2019	$0.02	25,000,000
08 July 2016	30 September 2019	$0.04	2,000,000
08 July 2016	30 September 2019	$0.08	2,000,000
24 November 2016	24 November 2019	$0.06	15,000,000
7 April 2017	28 February 2027	$0.03	35,000,000
22 September 2017	22 September 2027	$0.03	7,800,000

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During the financial year, no insurance premiums were paid by the Group (2016: $nil) to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Dr Gary Greenbaum	Managing Director and Chief Executive Officer *(appointed 8 July 2016)*
Mr Rahul Agarwal	Executive Director, President and Chief Technology Officer *(appointed 8 July 2016)*
Mr Ian Middlemas	Non-Executive Chairman *(resigned 30 June 2017)*
Mr Steven Elfman	Non-Executive Director *(appointed 5 October 2016)*
	Non-Executive Chairman *(appointed 30 June 2017)*
Mr Christopher Gabriel	Non-Executive Director *(appointed 5 October 2016)*
Mr Nigel Hennessy	Non-Executive Director *(appointed 30 June 2017)*
Mr Mark Pearce	Non-Executive Director *(resigned 5 October 2016)*
Mr David Parker	Non-Executive Director *(resigned 8 July 2016)*

Other KMP

Mr Benjamin Rotholtz	Chief Marketing Officer *(appointed 8 July 2016)*
Mr Steven Wood	Joint Company Secretary *(appointed 6 June 2017)*
Ms Kate Sainty	Joint Company Secretary *(appointed 6 June 2017)*
Mr Gregory Swan	Company Secretary *(resigned 6 June 2017)*

Unless otherwise disclosed, the KMP held their position from 1 July 2016 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. When determining the measures for KPI's, the Board will have regard to the current size, nature and opportunities of the Company. Prior to the end of each financial year, the Board assesses performance against these criteria.

The Group paid a cash bonus of US$20,000 during the 2017 financial year (2016: US$20,000).

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Executive Remuneration (Continued)

Performance Based Remuneration – Long Term Incentive

The Board has previously chosen to issue Incentive Options (where appropriate) to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Company. The Board considers that each executive's experience in the technology industry will greatly assist the Company in progressing its projects to the next stage of development and commercialisation.

The Board may grant Incentive Options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, Incentive Options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options granted. Other than service-based vesting conditions, there are no additional performance criteria on the Incentive Options granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related. The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

During the 2017 financial year, 20,000,000 Incentive Options were issued to KMPs (2016: nil).

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, ordinary shares have also been used to attract and retain Non-Executive Directors in lieu of cash remuneration. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive Incentive Options in order to secure their services.

Fees for the Chairman are presently set at $36,000 (2016: $36,000) per annum plus superannuation and fees for Non-Executive Directors' are presently set at 1,300,000 ordinary shares per year if approved by shareholders at the Company's annual general meeting. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's commercialisation phase of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the commercialisation of its proprietary technologies. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. However, as noted above, a number of KMP have previously received Incentive Options and Ordinary Shares which generally will only be of value should the value of the Company's shares increase.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until after the successful commercialisation of its technologies. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. However, as noted above, a number of KMP have previously received Incentive Options and Ordinary Shares which generally will only be of value should the value of the Company's shares increase.

Emoluments of Directors and Other KMP

Details of the nature and amount of each element of the emoluments of each of the Key Management Personnel of Syntonic Limited are as follows:

	Short-term benefits				Share-based payments		Percentage performance related
2017	Salary & fees $	Cash Bonus	Super-annuation $	Termination payments $	$	Total $	%
Directors							
Gary Greenbaum [1]	307,935	-	-	-	-	307,935	-
Rahul Agarwal [1]	307,935	-	-	-	-	307,935	-
Steven Elfman [2]	-	-	-	-	70,070 [9]	70,070	-
Christopher Gabriel [2]	-	-	-	-	70,070 [9]	70,070	-
Nigel Hennessy [3]	-	-	-	-	-	-	-
Ian Middlemas [4]	36,000	-	3,420	-	-	39,420	-
Mark Pearce [5]	5,238	-	498	-	-	5,736	-
David Parker [6]	-	-	-	-	-	-	-
Other KMP							
Benjamin Rotholtz [1]	231,945	26,508	-	-	95,206	353,659	-
Gregory Swan [7]	-	-	-	-	-	-	-
Steven Wood [8]	-	-	-	-	-	-	-
Kate Sainty [8]	-	-	-	-	-	-	-
Total	889,052	26,508	3,918	-	235,346	1,154,825	-

Notes:

1 Appointed 8 July 2016
2 Appointed 5 October 2016
3 Appointed 30 June 2017
4 Resigned 30 June 2017
5 Resigned 5 October 2016
6 Resigned 8 July 2016
7 Resigned 6 June 2017. Mr Swan provided services as the Company Secretary through a services agreement with Apollo Group Pty Ltd. Apollo Group Pty Ltd was paid $172,500 for the provision of administrative, accounting and company secretarial services to the Company. Apollo Group Pty Ltd is a company controlled by Mr Pearce.
8 Appointed 6 June 2017. Mr Wood and Ms Sainty provide services as the Joint Company Secretaries through a services agreement with Grange Consulting Group Pty Ltd. Grange Consulting Group Pty Ltd was paid $12,193.65 for the provision of administrative, accounting and company secretarial services to the Company during the financial year.
9 The above table includes values for share based payments (shares) at their fair value. Shares are fair valued at the point in time the shareholders approved the directors' election to take equity in lieu of cash payments for their director fees. According to AASB 2, the fair value of the shares issued is measured at the date of the shareholders meeting approving the equity (grant date) to the directors.

SYNTONIC

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Emoluments of Directors and Other KMP (continued)

2016	Short-term benefits Salary & fees $	Super-annuation $	Termination payments $	Share-based payments $	Total $	Percentage performance related %
Directors						
Gary Greenbaum [1]	-	-	-	-	-	-
Rahul Agarwal [1]	-	-	-	-	-	-
Ian Middlemas	**36,000**	**3,420**	-	-	**39,420**	-
David Parker	**20,000**	**1,900**	-	-	**21,900**	-
Mark Pearce	**20,000**	**1,900**	-	-	**21,900**	-
Other KMP						
Benjamin Rotholtz [1]	-	-	-	-	-	-
Gregory Swan [2]	-	-	-	-	-	-
Total	**76,000**	**7,220**	-	-	**83,220**	-

Notes:

[1] Appointed 8 July 2016.

[2] Mr Swan provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd. During the year, Apollo Group Pty Ltd was paid $220,000 for the provision of administrative, accounting and company secretarial services to the Company, including services provided in relation to the Acquisition. Apollo Group Pty Ltd is a company controlled by Mr Pearce.

Share-based Compensation to Key Management Personnel

Options

The following options were issued to KMPs as remuneration during the year:

	Date Options Granted	Number of Options Granted	Expiry Date	Exercise Price	Value per Option at Grant Date	Total Fair Value	% Vested
Other KMP							
Benjamin Rotholtz	**7 Apr 17**	**20,000,000**	**28 Feb 27**	**0.03**	**0.027**	**536,565**	-
Total		**20,000,000**				**536,565**	

20,000,000 unlisted options exercisable at $0.03 on or before 28 February 2027 were issued to the Company's Chief Marketing Officer as approved by the shareholders at the Company's General Meeting held on 23 May 2016 in line with the Company's approved Incentive Option Plan.

The options are only exercisable following satisfaction of the following vesting conditions:

- 25% of the Options will vest on the corresponding day 12 months from 1 January 2017; and
- The remaining 75% of the Options will vest in equal monthly instalments over the next 36 months on the same day of each relevant month.

Shares

During the year, shares were issued to Directors in lieu of fees and salary and were measured at fair value on the grant date (date shareholder approval was obtained). The following shares were issued in lieu of director fees and salary during the year:

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Share-based Compensation to Key Management Personnel (continued)

	Date Shares Issued	Number of Shares Issued/Granted	Fair Value per Share at Grant Date	Total Fair Value ($)
Directors				
Steven Elfman	**5 Oct 16**	**1,300,000**	**0.054**	**70,070**
Christopher Gabriel	**5 Oct 16**	**1,300,000**	**0.054**	**70,070**
Nigel Hennessy	**-**	**-**	**-**	**-**
Total		**2,600,000**		**140,140**

Employment Contracts with Directors and Key Management Personnel

Dr Greenbaum, Managing Director and CEO, has an employment agreement with the Group dated 8 July 2016. Dr Greenbaum is an at-will employee and the employment agreement may be terminated by either party at any time for any or no reason. No amount is payable in the event of termination by the Company for cause, including Dr Greenbaum's wilful or negligent failure to perform his duties, or in the event of termination caused by Dr Greenbaum's death or disability. In the event of termination by the Company without cause, Dr Greenbaum is entitled to receive his salary and benefits for a period of 6 months. Dr Greenbaum receives a fixed remuneration component of US$250,000 per annum and a discretionary annual bonus of up to US$150,000 to be paid upon the successful completion of KPI's as determined by agreement between Dr Greenbaum and the Board.

Mr Agarwal, Executive Director, President and CTO, has an employment agreement with the Group dated 8 July 2016. Mr Agarwal is an at-will employee and the employment agreement may be terminated by either party at any time for any or no reason. No amount is payable in the event of termination by the Company for cause, including Mr Agarwal's wilful or negligent failure to perform his duties, or in the event of termination caused by Mr Agarwal's death or disability. In the event of termination by the Company without cause, Mr Agarwal is entitled to receive his salary and benefits for a period of 6 months. Mr Agarwal receives a fixed remuneration component of US$250,000 per annum and a discretionary annual bonus of up to US$150,000 to be paid upon the successful completion of KPI's as determined by agreement between Mr Agarwal and the Board.

Mr Rotholtz, CMO, has an employment agreement with the Group effective from 1 January 2017. Mr Rotholtz is an at-will employee and the employment agreement may be terminated by either party at any time for any or no reason. In the event of termination without cause, Mr Rotholtz is entitled to a severance payment at a rate equal to 100% of his base salary for a period of three months from the date of such termination. Mr Rotholtz receives a fixed remuneration component of US$200,000 per annum and is entitled to a bonus of US$70,000.

Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a director and beneficial shareholder, was paid $172,500 for the provision of serviced office facilities and administration services (2016: 220,000), based on a monthly retainer of $15,000 due and payable in advance, with no fixed term. The amount payable in 2016 included additional services in relation to the Acquisition. These amounts have been recognised as expenses in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Option holdings of Key Management Personnel

The number of options over ordinary shares in the Group held during the financial period by each director of Syntonic Limited and other key management personnel of the Group, including their personally related parties are set out below.

SYNTONIC

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Option holdings of Key Management Personnel (continued)

2017	Balance at the 1/7/16	Granted as remuneration	Exercised	Expired	Balance at 30/6/17	Vested and exercisable	Unvested
Directors							
Gary Greenbaum [1]	-	-	-	-	-	-	-
Rahul Agarwal [1]	-	-	-	-	-	-	-
Steven Elfman [2]	-	-	-	-	-	-	-
Christopher Gabriel [2]	-	-	-	-	-	-	-
Nigel Hennessy [3]	-	-	-	-	-	-	-
Ian Middlemas [4]	-	-	-	-	-	-	-
Other KMP							
Benjamin Rotholtz [1]	-	20,000,000	-	-	20,000,000	-	20,000,000
Gregory Swan [5]	-	-	-	-	-	-	-
Steven Wood [6]	-	-	-	-	-	-	-
Kate Sainty [6]	-	-	-	-	-	-	-
	-	20,000,000	-	-	20,000,000	-	20,000,000

Notes:

1 Appointed 8 July 2016
2 Appointed 5 October 2016
3 Appointed 30 June 2017
4 Resigned 30 June 2017
5 Resigned 6 June 2017
6 Appointed 6 June 2017

Shareholdings of Key Management Personnel

The number of shares in the Group held during the financial period by each director of Syntonic Limited and other key management personnel of the Group, including their personally related parties are set out below.

2017	Held at 1 July 2016	Net Change Other	Held at 30 June 2017
Directors			
Gary Greenbaum [1]	-	635,861,395	635,861,395
Rahul Agarwal [1]	-	635,861,395	635,861,395
Steven Elfman [2]	-	1,300,000	1,300,000
Christopher Gabriel [2]	-	1,300,000	1,300,000
Nigel Hennessy [3]	-	-	-
Ian Middlemas [4]	40,000,000	(40,000,000)	-
Mark Pearce [5]	2,000,001	(2,000,001)	-
David Parker [6]	12,000,000	(12,000,000)	
Other KMP			
Benjamin Rotholtz [1]	-	-	-
Gregory Swan [7]	5,000,000	(5,000,000)	-
Steven Wood [8]	-	-	-
Kate Sainty [8]	-	-	-
	59,000,001	1,215,322,789	1,274,322,790

Notes:

1 Appointed 8 July 2016
2 Appointed 5 October 2016
3 Appointed 30 June 2017
4 Resigned 30 June 2017
5 Resigned 5 October 2016
6 Resigned 8 July 2016
7 Resigned 6 June 2017
8 Appointed 6 June 2017

End of Remuneration Report

SYNTONIC

DIRECTORS' REPORT (Continued)

DIRECTORS' MEETINGS

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

	Board Meetings	
	Number eligible to attend	Number attended
Gary Greenbaum (appointed 8 July 2016)	2	2
Rahul Agarwal (appointed 8 July 2016	2	1
Ian Middlemas (resigned 30 June 2017)	2	2
Steven Elfman (appointed 5 October 2016)	1	-
Christopher Gabriel (appointed 5 October 2016)	1	1
David Parker (resigned 8 July 2016)	-	-
Mark Pearce (resigned 5 October 2016)	1	1
Nigel Hennessy (appointed 30 June 2017)	-	-

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. As the Group's activities increase in size, scope and/or nature the Board will review this position.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 21 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors set by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditors independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in the code of conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 20 of the Directors' Report.

Signed in accordance with a resolution of the directors.

GARY GREENBAUM
Managing Director and CEO

29 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Syntonic Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2017

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

SYNTONIC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Continuing operations			
Revenue from ordinary activities	2(a)	**846,139**	**723,168**
Other income	2(b)	**78,274**	**250,000**
Revenue		**924,413**	**973,168**
Cost of sales		**(395,315)**	**(139,516)**
Marketing expenses		**(704,754)**	**(385,036)**
Research and development expenses		**(1,162,039)**	**(822,427)**
Staff expenses		**(1,474,959)**	**(531,827)**
Other operating expenses	3	**(997,208)**	**(548,849)**
Share based payment expense	19	**(360,910)**	**-**
Interest expense		**(4,536)**	**(183,230)**
Cost of listing on reverse acquisition	20	**(21,587,622)**	**-**
Loss before income tax		**(25,762,930)**	**(1,637,717)**
Income tax expense	4	**-**	**-**
Net loss for the year		**(25,762,930)**	**(1,637,717)**
Net loss attributable to members of the Company		**(25,762,930)**	**(1,637,717)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**161,558**	**-**
Exchange differences on translation of foreign operations		**36,463**	**(87,952)**
Total other comprehensive income/(loss), net of tax		**198,021**	**(87,952)**
Total comprehensive loss for the year, net of tax		**(25,564,909)**	**(1,725,669)**
Total comprehensive loss attributable to members of the Company		**(25,564,909)**	**(1,725,669)**
Loss per Share			
Basic and diluted loss per share (cents per share)	15	**(1.18)**	**(0.21)**

The accompanying notes form part of these financial statements.

SYNTONIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**4,910,375**	**114,811**
Trade and other receivables	7	**118,751**	**-**
Other financial assets	8	**19,080**	**15,615**
TOTAL CURRENT ASSETS		**5,048,206**	**130,426**
NON-CURRENT ASSETS			
Other financial assets	8	**386,654**	**6,753**
TOTAL NON-CURRENT ASSETS		**386,654**	**6,753**
TOTAL ASSETS		**5,434,860**	**137,179**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**606,700**	**683,867**
Loans and borrowings	10	**-**	**3,721,549**
TOTAL CURRENT LIABILITIES		**606,700**	**4,405,416**
TOTAL LIABILITIES		**606,700**	**4,405,416**
NET ASSETS/(LIABILITIES)		**4,828,160**	**(4,268,237)**
EQUITY			
Contributed equity	11	**34,114,578**	**4,285**
Reserves	12	**427,923**	**(321,111)**
Accumulated losses	13	**(29,714,341)**	**(3,951,411)**
TOTAL EQUITY		**4,828,160**	**(4,268,237)**

The accompanying notes form part of these financial statements.

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

SYNTONIC

	Contributed Equity $	Investments Available For Sale Reserve $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2016	**4,285**	**-**	**3,591**	**(324,702)**	**(3,951,411)**	**(4,268,237)**
Net loss for the year	**-**	**-**	**-**	**-**	**(25,762,930)**	**(25,762,930)**
Other comprehensive income, net of tax	**-**	**161,558**	**-**	**36,463**	**-**	**198,021**
Total comprehensive income/(loss) for the year	**-**	**161,558**	**-**	**36,463**	**(25,762,930)**	**(25,564,909)**
Transactions with owners recorded directly in equity						
Consideration shares issued on reverse acquisition	**25,626,375**	**-**	**-**	**-**	**-**	**25,626,375**
Conversion of convertible notes and loans into consideration shares	**3,283,647**	**-**	**-**	**-**	**-**	**3,283,647**
Cancellation of incentive stock options for consideration shares	**3,591**	**-**	**(3,591)**	**-**	**-**	**-**
Share placement	**5,440,000**	**-**	**-**	**-**	**-**	**5,440,000**
Share issue costs	**(709,860)**	**-**	**-**	**-**	**-**	**(709,860)**
Share based payments	**466,540**		**554,604**	**-**	**-**	**1,021,144**
Balance at 30 June 2017	**34,114,578**	**161,558**	**554,604**	**(288,239)**	**(29,714,341)**	**4,828,160**
Balance at 1 July 2015	**4,285**	**-**	**3,591**	**(236,750)**	**(2,313,694)**	**(2,542,568)**
Net loss for the year	**-**	**-**	**-**	**-**	**(1,637,717)**	**(1,637,717)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**(87,952)**	**-**	**(87,952)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(87,952)**	**(1,637,717)**	**(1,725,669)**
Transactions with owners recorded directly in equity						
Issue of shares	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**-**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2016	**4,285**	**-**	**3,591**	**(324,702)**	**(3,951,411)**	**(4,268,237)**

The accompanying notes form part of these financial statements.

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

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(4,744,710)**	**(2,195,237)**
Receipts from customers and other debtors		**750,998**	**725,812**
Interest paid		**(4,536)**	**(183,230)**
Interest received		**78,274**	**-**
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14(a)	**(3,919,974)**	**(1,652,655)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash arising on acquisition of controlled entity		**3,778,729**	**-**
Proceeds from related party loans		**-**	**48,990**
Proceeds from option fee for reverse acquisition		**-**	**250,000**
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**3,778,729**	**298,990**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	**1,487,763**
Repayment of borrowings		**(136,500)**	**-**
Proceeds from issue of shares		**5,440,000**	**-**
Payments for share issue costs		**(357,272)**	**-**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**4,946,228**	**1,487,763**
Net increase in cash and cash equivalents		**4,804,983**	**134,098**
Effect of movement in exchange rates on cash held		**(9,419)**	**(3,914)**
Cash and cash equivalents at beginning of year		**114,811**	**(15,373)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	14(b)	**4,910,375**	**114,811**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Syntonic Limited ("Syntonic" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2017 are stated to assist in a general understanding of the financial report and have been consistently applied unless otherwise stated..

Syntonic is a Company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report of the Group for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 September 2017.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars, unless otherwise stated. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Reverse Acquisition Accounting

On 8 July 2016, Syntonic Limited completed its acquisition of 100% of the issued shares of Syntonic Wireless, Inc.

The acquisition has been accounted for as a reverse acquisition under AASB 3 *Business* Combinations because, as a result of the acquisition, the former owners of the legal subsidiary (Syntonic Wireless, Inc.) obtained accounting control of the legal parent (Syntonic Limited). Whilst the acquisition does not meet the definition of a business combination in accordance with AASB 3 *Business* Combinations (as Syntonic Limited is deemed for accounting purposes not to be a business), the acquisition has been accounted for as a share-based payment transaction using the principles of AASB 3 *Business Combinations* and AASB 2 *Share-Based Payment.*

Accordingly, the consolidated financial statements for the year ended 30 June 2017 are issued under the name of the legal parent (Syntonic Limited) but are presented as a continuation of the financial statements of the legal subsidiary (Syntonic Wireless, Inc.), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values. The comparative information included in these financial statements, excluding the Remuneration Report, therefore represents the results and balances of Syntonic Wireless, Inc.

As the functional currency of Syntonic Wireless, Inc. is US dollars, results and balances have been translated in accordance with the requirements of AASB 121 *The Effects of Changes in Foreign Exchange Rates* to present the consolidated financial statements in Australian dollars.

Additionally, as a result of the financial statements being prepared as a continuation of the legal subsidiary, the Group has updated the classification of expenses to make the Statement of Profit or Loss and other Comprehensive Income more relevant to the users of the financial report.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Statement of Compliance (continued)

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies, with the exception of the following:

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contacts with Customers* is a new Standard introduced by AASB to replace AASB 118. The new Standard is aimed at improving financial reporting of revenue and comparability to provide better clarity on revenue recognition on areas where existing requirements unintentionally created diversity in practice. AASB 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When applying AASB 15 for the first time, an entity shall apply the Standard in full for the current period. In respect of prior periods, the transition guidance grants entities an option to either apply AASB 15 in full to prior periods or to retain prior-period figures as reported under the previous standards, recognising the cumulative effect of applying AASB 15 to all contracts that had not yet been completed at the beginning of the reporting period as an adjustment to the opening balance of equity at the date of first-time adoption.

The Directors have elected not to apply the transition method applicable to AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The quantification of the implications of AASB 15 is in the process of being determined.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

Non-controlling interests are allocated their share of net profit after tax in the consolidated statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position separately from the equity owners of the parent. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(f) 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 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value though profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

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

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are indeed to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments and Other Financial Assets (continued)

(i) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available for sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the profit or loss as gains and losses on disposal of investment securities.

(ii) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is transferred from equity to the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as held for sale are not reversed through the profit or loss.

(i) Parent entity financial information

The financial information for the parent entity, Syntonic Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of Syntonic Limited.

(j) Research & development expenditure

Expenditure on research activities are recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above.

Subsequent to initial recognition internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days. Payables are presented as current liabilities unless payment is not due within 12 months.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions

Provisions are recognised when the group 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.

(m) Revenue Recognition

Revenues are recognised at the fair value of the consideration received net of the amount of goods and services tax (GST), net of discounts and other sales related taxes. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(n) Income Tax

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(o) Employee Entitlements

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(q) Goods and Services Tax

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Available-for-sale financial assets
- Note 19 – Shared based payments

(s) Operating Segments

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

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Operating Segments (continued)

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

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

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

(t) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(u) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Fair Value Estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(v) Issued Capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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.

(w) Dividends

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

(x) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 19.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Loan & borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

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

2. REVENUE AND OTHER INCOME

	2017 $	2016 $
(a) Revenue		
Sales & service revenue	846,139	723,168
	846,139	723,168
(b) Other income		
Interest revenue	78,274	-
Option fee income (i)	-	250,000
	78,274	250,000

(i) The 2016 option fee income was a one-off receipt relating, and recognised prior, to the reverse acquisition.

3. OTHER EXPENSES

	2017 $	2016 $
Other operating expenses		
Accounting, legal & other professional fees	568,220	307,069
Rent & utilities	100,526	99,074
Travel & entertainment	175,114	61,364
General administration costs	153,348	81,342
	997,208	548,849

4. INCOME TAX

	2017 $	2016 $
(a) Recognised in Profit or Loss		
Current income tax		
Current income tax in respect of the current year	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Deferred tax assets not previously brought to account	-	-
Deferred tax assets not brought to account	-	-
Income tax expense reported in profit or loss	-	-

4. INCOME TAX (Continued)

(b) Recognised in Other Comprehensive Income

Deferred income tax		
Unrealised gain/(loss) on available-for-sale investments	-	-
Deferred tax assets not previously brought to account	-	-
Income tax expense reported in other comprehensive income	-	-

(c) Reconciliation Between Tax Expense and Accounting Loss Before Income Tax

Accounting loss before income tax	**(25,762,930)**	**(1,637,717)**
At the domestic income tax rate of 27.5% (2016: 30%)	**(7,084,806)**	**(491,315)**
Expenditure not allowable for income tax purposes	**6,013,949**	**-**
Adjustments in respect of deferred income tax of previous years	**-**	**-**
Adjusted for differing tax rates across jurisdictions	**(269,816)**	**(81,886)**
Deferred tax assets not previously brought to account	**-**	**-**
Deferred tax assets not brought to account	**1,340,673**	**573,201**
Income tax benefit attributable to gain	**-**	**-**

(d) Deferred Tax Assets and Liabilities

Deferred income tax at 30 June relates to the following:

Deferred Tax Liabilities		
Available-for-sale financial assets	-	-
Deferred tax assets used to offset deferred tax liabilities	-	-
	-	-
Deferred Tax Assets		
Accrued expenditure	**15,272**	**133,524**
Capital allowances	**4,193**	**-**
Tax losses – Revenue (Australia)	**1,853,566**	**-**
Tax losses – Capital (Australia)	**345,010**	**-**
Tax Losses – (United States)	**2,686,721**	**1,215,361**
Deferred tax assets used to offset deferred tax liabilities	**-**	**-**
Deferred tax assets not brought to account	**(4,904,762)**	**(1,348,885)**
	-	**-**

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(e) Tax Consolidation

The Company and its wholly-owned Australian resident entities have implemented the tax consolidation legislation.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2017 (2016: Nil). The balance of the franking account as at 30 June 2017 is nil (2016: Nil).

6. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and on hand	**4,910,375**	**114,811**
	4,910,375	**114,811**

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

7. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Trade debtors (i)	**104,004**	**-**
Accrued revenue	**-**	**-**
GST receivable	**14,747**	**-**
	118,751	**-**

(i) There were no past due debtors at balance date.

8. OTHER FINANCIAL ASSETS

	2017 $	2016 $
Current		
Prepaid expenses	**19,080**	**15,615**
Total Current	**19,080**	**15,615**
Non-Current		
Lease deposit	**6,514**	**6,753**
Available for sale financial assets:		
Shares in Jayride Technology Pty Ltd (i)	**380,140**	**-**
Total Non-Current	**386,654**	**6,753**
Total Other Financial Assets	**405,734**	**19,368**

(i) Investment relates to 75,284 unlisted shares (2016: 75,284 unlisted shares) in Jayride Technology Pty Ltd, a private unlisted Australian start-up company that owns proprietary technology for an e-commerce platform to book passenger transport. The fair market value has been determined based on the most recent arm's length placement price of its shares.
The investment is categorised as a Level 3 financial instrument within the fair value hierarchy.

9. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade creditors	**446,327**	**642,457**
Accrued expenses	**71,432**	**-**
Employee liabilities	**88,941**	**41,410**
	606,700	**683,867**

Trade payables are non-interest bearing.

10. LOANS AND BORROWINGS

	2017 $	2016 $
Convertible notes and loans (i)	**-**	**3,332,714**
Loan payable to Syntonic Limited (ii)	**-**	**250,000**
Loans payable to directors (ii)	**-**	**138,835**
	-	**3,721,549**

(i) Convertible promissory notes being loans received ranging from $25,000 to $300,000 in amount and incur interest payable at 6% per annum. Loans were due for repayment 30 June 2016.
(ii) Note Payable to parent and related party loans incur interest at 0% per annum and are repayable on demand. These loans were satisfied as part of the Consideration at Acquisition.

11. CONTRIBUTED EQUITY

	Notes	2017 $	2016 $
Issued Capital			
2,355,643,546 (2016: 4,050,000) Ordinary Shares	11(b)	**29,089,799**	**4,285**
333,333,334 (2016: nil) Performance Shares (i)		**5,024,779**	**-**
		34,114,578	**4,285**

(i) As part of the consideration for the Acquisition on 8 July 2016 (refer to note 20) the Company issued 500,000,000 performance shares which each convert into one ordinary share upon satisfaction of certain performance milestones on or before 8 July 2018, as follows:

(a) 166,666,666 performance shares convert upon Freeway by Syntonic (including the white-label version of the product sold by partners) having an Addressable Audience of 100,000,000 mobile subscribers;

(b) 166,666,666 performance shares convert upon Freeway by Syntonic (including the white-label version of the product sold by partners) having an Addressable Audience of 150,000,000 mobile subscribers; and

(c) 166,666,668 performance shares convert upon the Company entering into revenue generating agreements in respect of Syntonic DataFlex (including the white-label version of the product sold by partners) with 50 businesses.

Milestone (a) was achieved in the second half of the financial year, with 166,666,666 performance shares being converted to ordinary shares.

11. CONTRIBUTED EQUITY (continued)

(b) Movements in Issued Capital During the Past Year:

Date	Details	Number of Ordinary Shares	Number of Performance Shares	$
01-Jul-16	**Opening Balance**	**4,050,000**	**-**	**4,285**
08-Jul-16	Conversion of convertible notes and loans into consideration shares	-	-	3,283,647
08-Jul-16	Cancellation of stock options for consideration shares	-	-	3,591
08-Jul-16	Elimination of stock options for consideration of shares	(4,050,000)	-	-
08-Jul-16	Recognition of legal acquirer share capital on reverse acquisition	816,776,880	-	-
08-Jul-16	Consideration shares issued on reverse acquisition	1,200,000,000	500,000,000	25,626,375
05-Oct-16	Issue of shares to directors in lieu of cash remuneration	2,600,000	-	140,140
24-Nov-16	Share placement	160,000,000	-	5,440,000
24-Nov-16	Issue of shares to brokers in lieu of cash fees	9,600,000	-	326,400
05-Jan-17	Conversion of performance shares	166,666,666	(166,666,666)	-
30-Jun-17	Share issue costs			(709,860)
30-Jun-17	**Closing Balance**	**2,355,643,546**	**333,333,334**	**34,114,578**

(c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders.

11. CONTRIBUTED EQUITY (continued)

(c) Rights Attaching to Ordinary Shares (continued)

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(v) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

12. RESERVES

	Note	2017 $	2016 $
(a) Reserves			
Investments available-for-sale reserve	12(c)	**161,558**	**-**
Foreign currency translation reserve	12(d)	**(288,239)**	**(324,702)**
Share based payment reserve	12(e)	**554,604**	**3,591**
		427,923	**(321,111)**

(b) Nature and Purpose of Reserves

(i) *Investments Available-For-Sale Reserve*

Changes in the fair value and exchange differences arising on translation of investments classified as available-for-sale financial assets are taken to the investments available-for-sale reserve as described in Note 1(h). Amounts are recognised in profit or loss when the associated assets are sold or impaired.

(ii) *Shared Based Payment Reserve*

The option reserve is used to record the fair value of options issued by the Group.

(iii) *Foreign Currency Translation Reserve*

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(e). The reserve is recognised in profit or loss when the net investment is disposed of.

12. RESERVES (Continued)

(c) Movements in the Investments Available-For-Sale Reserve

	2017 $	2016 $
Balance at 1 July	-	-
Fair value gain on available-for-sale financial assets	161,558	-
Balance at 30 June	**161,558**	**-**

(d) Movements in the Foreign Currency Translation Reserve

	2017 $	2016 $
Balance at 1 July	**(324,702)**	**(236,750)**
Exchange differences	36,463	(87,952)
Balance at 30 June	**(288,239)**	**(324,702)**

(e) Movements in the Share Based Payment Reserve

Date	Details	Number of Incentive Options	$
01-Jul-16	**Opening Balance**	**177,500**	**3,591**
08-Jul-16	Cancellation of incentive stock options for consideration shares	(177,500)	(3,591)
08-Jul-16	Recognition of legal acquirer $0.02 broker options on reverse acquisition	25,000,000	-
30 Sept 16	Incentive Option issue	4,000,000	53,104
24-Nov-16	Issue of $0.06 broker options to brokers in lieu of cash fees	15,000,000	315,000
07-Apr-17	Incentive Option issue	35,000,000	186,500
30-Jun-17	**Closing Balance**	**79,000,000**	**554,604**
01-Jul-15	**Opening Balance**	**102,500**	**633**
	Net options granted and cancelled during the period	75,000	2,139
30-Jun-16	**Closing Balance**	**177,500**	**3,591**

The share based payments reserve recognises options issued as share based payments. Refer to note 19 for details of share based payments.

13. ACCUMULATED LOSSES

	2017 $	2016 $
Balance at 1 July	**(3,951,411)**	**(2,313,694)**
Net loss for the year attributable to members of the Company	(25,762,930)	(1,637,717)
Balance at 30 June	**(29,714,341)**	**(3,951,411)**

14. STATEMENT OF CASH FLOWS

	2017 $	2016 $
(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations		
Loss for the year	(25,762,930)	(1,637,717)
Adjustment for non-cash income and expense items		
Listing expense	21,587,622	-
Net foreign exchange (gain)/loss	45,882	(84,037)
Share based payments	360,910	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(105,083)	(257,948)
Increase/(decrease) in trade and other payables	(46,375)	327,047
Net cash outflow from operating activities	**(3,919,974)**	**(1,652,655)**
(b) Reconciliation of Cash		
Cash at bank and on hand	4,910,375	114,811
Short term deposits	-	-
Balance at 30 June	**4,910,375**	**114,811**

(c) Non-cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 30 June 2017 or 30 June 2016.

15. EARNINGS PER SHARE

	2017 Cents	2016 cents
(a) Basic and Diluted Profit/(Loss) per Share		
From continuing operations	**(1.18)**	**(0.21)**
Total basic and diluted loss per share	**(1.18)**	**(0.21)**

15. EARNINGS PER SHARE (continued)

	2017 $	2016 $
The following reflects the income and share data used in the calculations of basic earnings per share:		
Net loss attributable to members of the Company	**(25,762,930)**	**(1,637,717)**
Earnings used in calculating basic and diluted earnings per share from continuing operations	**(25,762,930)**	**(1,637,717)**

	Number of Ordinary Shares 2017	Number of Ordinary Shares 2016
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	**2,181,323,695**	**775,216,980**

(a) Non-Dilutive Securities

As at balance date, there were no non-dilutive securities (2016: nil).

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2017

On 22 September 2017, the Company issued 7,800,000 unlisted options pursuant to its approved Incentive Option Plan.

The Company has not issued any other Ordinary or potential Ordinary Shares since 30 June 2017.

16. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2017 %	% Equity Interest 2016 %
Subsidiaries of Syntonic Limited:			
Syntonic Wireless, Inc.	United States	100	-
Pacific Ore (UK) Limited	United Kingdom	100	100
Pacific Ore Mining Pty Ltd	Australia	100	100
Syntonic Holdings Pty Ltd (formerly Pacific Ore Holdings Pty Ltd)	Australia	100	100
Pacific Ore (WA) Pty Ltd	Australia	100	100
Pacific Ore Exploration Pty Ltd	Australia	100	100

(b) Ultimate Parent

Syntonic Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key Management Personnel

Transactions with Key Management Personnel, including remuneration, are included at note 17.

16. RELATED PARTIES (continued)

(d) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Dr Gary Greenbaum	Managing Director and Chief Executive Officer *(appointed 8 July 2016)*
Mr Rahul Agarwal	Executive Director, President and Chief Technology Officer *(appointed 8 July 2016)*
Mr Ian Middlemas	Non-Executive Chairman *(resigned 30 June 2017)*
Mr Steven Elfman	Non-Executive Director *(appointed 5 October 2016)*
	Non-Executive Chairman *(appointed 30 June 2017)*
Mr Christopher Gabriel	Non-Executive Director *(appointed 5 October 2016)*
Mr Nigel Hennessy	Non-Executive Director *(appointed 30 June 2017)*
Mr Mark Pearce	Non-Executive Director *(resigned 5 October 2016)*
Mr David Parker	Non-Executive Director *(resigned 8 July 2016)*

Other KMP

Mr Benjamin Rotholtz	Chief Marketing Officer *(appointed 8 July 2016)*
Mr Steven Wood	Joint Company Secretary *(appointed 6 June 2017)*
Ms Kate Sainty	Joint Company Secretary *(appointed 6 June 2017)*
Mr Gregory Swan	Company Secretary *(resigned 6 June 2017)*

Unless otherwise disclosed, the KMP held their position from 1 July 2016 until the date of this report.

	2017 $	2016 $
(b) Key Management Personnel Compensation		
Short-term employee benefits	**915,561**	**265,138**
Post-employment benefits	**3,918**	**-**
Share-based payments	**235,346**	**-**
Total compensation	**1,154,825**	**265,138**

(c) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2017 (2016: $138,835 received from KMPs).

(d) Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a director and beneficial shareholder, was paid $172,500 for the provision of serviced office facilities and administration services (2016: $220,000), based on a monthly retainer of $15,000 due and payable in advance, with no fixed term. These amounts have been recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. At 30 June 2017, nil (2016: nil) was included as a current liability in the Statement of Financial Position.

18. PARENT ENTITY DISCLOSURES

	2017 $	2016 $
(a) Financial Position		
Assets		
Current Assets	**4,539,864**	**4,106,111**
Non-Current Assets	**42,469,674**	**468,584**
Total Assets	**47,009,538**	**4,574,695**
Liabilities		
Current Liabilities	**66,791**	**2,335,379**
Total Liabilities	**66,791**	**2,335,379**
Equity		
Contributed equity	**74,770,246**	**28,785,294**
Accumulated losses	**(28,912,243)**	**(26,564,560)**
Reserves	**1,084,744**	**18,582**
Total Equity	**46,942,747**	**2,239,316**
(b) Financial Performance		
Loss for the year	**(658,849)**	**(659,618)**
Other comprehensive income	**161,558**	**18,582**
Total comprehensive loss	**(497,291)**	**(641,036)**

(c) Other

No guarantees have been entered into by the parent entity in relation to its subsidiaries.

19. SHARE-BASED PAYMENTS

From time to time, the Group provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

(a) Advisor Options

On 24 November 2016 as a result of shareholder approval received at the Company's AGM, the Company issued 15,000,000 unlisted options exercisable at $0.06 on or before 24 November 2019 to the Company's broker in lieu of cash fees for services in relation to the Company's successful IPO.

The options are not subject to any vesting conditions.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period Number	Fair value per option at Grant Date $	Total fair value $
24 November 2016	24 November 2019	$0.06	15,000,000	0.021	315,000

19. SHARE-BASED PAYMENTS (continued)

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of options	15,000,000
Share Price at Grant Date	$0.037
Exercise Price	$0.060
Valuation Date	24 November 2016
Expiration date	24 November 2019
Life of the Options	3 years
Volatility[1]	105%
Risk Free Rate	1.92%

1. The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Incentive Options

The Group established the Syntonic Limited Incentive Option Plan to ensure the Company has the appropriate mechanisms to continue to engage, attract, retain and incentivise the services of directors and employees of a high calibre.

The Incentive Option Plan was approved by shareholders at the Company's generate meeting hold on 23 May 2016. The options are issued for nil consideration and carry no entitlements to voting rights or dividends of the Group until exercised.

I. Incentive Options

On 30 September 2016, the Company issued 2,000,000 unlisted options exercisable at $0.04 on or before 30 September 2019 as part of the Company shareholder approved Incentive Option Plan.

The options are subject to 12 months continuous service as an employee.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period	Fair value per option at Grant Date	Total fair value
			Number	$	$
30 September 2016	30 September 2019	$0.04	2,000,000	0.039	78,000

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of options	2,000,000
Share Price at Grant Date	$0.054
Exercise Price	$0.04
Valuation Date	30 September 2016
Expiration date	30 September 2019
Life of the Options	3 years
Volatility[1]	100%
Risk Free Rate	1.52%

1. The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

19. SHARE-BASED PAYMENTS (continued)

II. Incentive Options

On 30 September 2016, the Company issued 2,000,000 unlisted options exercisable at $0.08 on or before 30 September 2019 as part of the Company shareholder approved Incentive Option Plan.

The options are subject to 24 months continuous service as an employee.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period	Fair value per option at Grant Date	Total fair value
			Number	$	$
30 September 2016	30 September 2019	$0.08	2,000,000	0.039	64,000

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of options	2,000,000
Share Price at Grant Date	$0.054
Exercise Price	$0.08
Valuation Date	30 September 2016
Expiration date	30 September 2019
Life of the Options	3 years
Volatility[1]	100%
Risk Free Rate	1.52%

1. The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

III. Incentive Options

On 7 April 2017, the Company issued 35,000,000 unlisted options exercisable at $0.03 on or before 30 September 2019 as part of the Company shareholder approved Incentive Option Plan.

The options are subject to the following vesting conditions:

- 25% of the Options will vest after 12 months of continuous service from the date of the agreement; and
- the remaining 75% of the Options will vest in equal monthly instalments over the following 36 months of continuous service.

The underlying fair value of the Options granted was calculated based on the below, and were expensed during the period:

Valuation Date	Expiry Date	Exercise Price	Granted during the period	Fair value per option at Grant Date	Total fair value
			Number	$	$
7 April 2017	28 February 2027	$0.03	35,000,000	0.039	938,990

19. SHARE-BASED PAYMENTS (continued)

The fair value of the options granted was independently determined using an Option Pricing Model that takes into account the following inputs:

Number of options	35,000,000
Share Price at Grant Date	$0.030
Exercise Price	$0.03
Valuation Date	7 April 2017
Expiration date	28 February 2027
Life of the Options	10 years
Volatility[1]	100%
Risk Free Rate	1.79%

1. The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(c) Director Shares

During the current year, shares were issued to Directors in lieu of fees and salary. As it is typically not possible to estimate reliably the fair value of the service received, as detailed in AASB 2, paragraph 12, the fair value of the equity instruments issued shall be measured at grant date.

Valuation Date	Granted during the period	Fair value per option at Grant Date	Total fair value
	Number	$	$
30 September 2016	2,600,000	0.054	140,140

(d) Acquisition Shares & Options

On 8 July 2016, the Company issued 60,000,000 ordinary shares to advisors in consideration for facilitation of the acquisition and advisory services.

The shares were valued at grant date at $0.02 totalling $1,320,000 which forms part of the acquisition cost.

On 8 July 2016 the Company issued 25,000,000 unlisted options exercisable at $0.02 on or before 8 July 2019 to the Company broker in lieu of cash fees for services in relation to the Acquisition.

The underlying fair value of $375,000 forms part of the acquisition cost.

20. REVERSE ACQUISITION ACCOUNTING

On 8 July 2016, Syntonic Limited completed its acquisition of 100% of the issued shares of Syntonic Wireless, Inc. after issuing 1,200,000,000 ordinary shares and 500,000,000 performance shares to the vendors, following shareholder approval received at the Company's general meeting held on 23 May 2016.

The Acquisition has been accounted for as a reverse acquisition under the principles of AASB 3 *Business Combinations*. Refer to note 1 for further explanation regarding the basis of accounting.

As a result of the Acquisition, during the year the Group has recognised an expense of $21,587,622 in its statement of profit or loss and other comprehensive income, effectively representing the cost of listing.

20. REVERSE ACQUISITION ACCOUNTING (continued)

This cost is calculated as the difference in the fair value of the equity instruments that Syntonic Wireless, Inc. is deemed to have issued to acquire Syntonic Limited and the fair value of Syntonic Limited's identifiable net assets, as follows:

	Fair Value $
Fair value of consideration:	
Equity	**25,626,375**
Fair value of consideration	**25,626,375**
Fair value of net assets acquired:	
Cash and cash equivalents	**3,778,729**
Trade and other receivables	**95,564**
Other financial assets	**468,582**
Trade and other payables	**(304,122)**
Fair value of net assets acquired	**4,038,753**
Cost of listing	**21,587,622**

21. AUDITORS' REMUNERATION

	2017 $	2016 $
Amounts received or due and receivable by HLB Mann Judd for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**30,500**	**21,000**
• other services in relation to the entity and any other entity in the consolidated group	**-**	**12,500**
	30,500	**33,500**

22. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

During the financial year, on 8 July 2016, the Company completed the Acquisition which resulted in a change to the nature of the Company's activities from a mineral exploration company to a technology company. Shareholders approved this change at a General Meeting on 23 May 2016. From 8 July 2016, the Consolidated Entity operates in one segment, being the provision of mobile technology services.

As a result of the acquisition, 91% of the Groups revenue in the current period is from two customers (2016: nil). Syntonic Wireless, Inc. operates in the United States of America. Revenue from external customers from this location totalled $846,139 in the current period (2016: nil).

22. SEGMENT INFORMATION (continued)

	Mobile Technology Services		Corporate		Total	
	Consolidated 2017	Parent 2016	Consolidated 2017	Parent 2016	Consolidated 2017	Parent 2016
Segment income						
Sales & service revenue	846,139	723,168	-	-	846,139	723,168
Interest received	-	-	78,274	-	78,274	-
Other income	-	-	-	250,000	-	250,000
Total income	846,139	723,168	78,274	250,000	924,413	973,168
Segment expenses						
Operating expenses	(4,362,599)	(2,610,885)	(376,212)	-	(4,738,811)	(2,610,885)
Listing expenses	-	-	(21,587,622)	-	(21,587,622)	-
Share based payment expenses	-	-	(360,910)	-	(360,910)	-
Loss before depreciation	(3,516,460)	(1,887,717)	(22,246,470)	250,000	(25,762,930)	(1,637,717)
Depreciation	-	-	-	-	-	-
Loss before income tax	(3,516,460)	(1,887,717)	(22,246,470)	250,000	(25,762,930)	(1,637,717)
Segment assets and liabilities						
Cash	385,258	114,811	4,525,117	-	4,910,375	114,811
Other receivables	123,084	15,615	14,747	-	137,831	15,615
Other financial assets	6,513	6,753	380,141	-	386,654	6,753
Trade and other creditors	(539,908)	(683,867)	(66,792)	-	(606,700)	(683,867)
Provisions	-	-	-	-	-	-
Borrowings	-	(388,835)	-	-	-	(388,835)
Convertible notes	-	(3,332,714)	-	-	-	(3,332,714)
Net assets	(25,053)	(4,268,237)	4,853,213	-	4,828,160	(4,268,237)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, loans, available-for-sale financial assets, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, trade and other receivables, and loans to other entities.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2017 $	2016 $
Cash and cash equivalents	**4,910,375**	**114,811**
Trade and other current assets	**137,831**	**15,615**
	5,048,206	**130,426**

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Trade and other receivables are comprised primarily of trade debtors, prepayments and GST refunds due. Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2017, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity Risk (continued)

2017 Group	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Assets					
Cash and cash equivalents	4,910,375	-	-	-	4,910,375
Trade and other receivables	137,831	-	6,514	-	144,345
Available for sale financial assets	-	-	380,140	-	380,140
	5,048,206	-	386,654	-	5,579,205
Financial Liabilities					
Trade and other payables	(606,700)	-	-	-	(606,700)
	(606,700)	-	-	-	(606,700)

2016 Parent	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Assets					
Cash and cash equivalents	114,811	-	-	-	114,811
Trade and other receivables	15,616	-	6,753	-	22,369
	130,426	-	6,753	-	137,179
Financial Liabilities					
Trade and other payables	(683,868)	-	-	-	(683,868)
Borrowings	(388,835)	-	-	-	(388,835)
Convertible notes	(3,332,714)	-	-	-	(3,332,714)
	(4,405,416)	-	-	-	(4,405,416)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. Loans to other entities are at a fixed interest rate and all other financial assets and liabilities, in the form of receivables, investments and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2017 $	2016 $
Interest-bearing financial instruments		
Cash at bank and on hand	4,910,375	114,811
Loan owing to other entities	-	(250,000)
Convertible notes	-	(3,046,277)
	4,910,375	(3,181,466)

The Group's cash at bank, short term deposits and interest bearing liabilities had a weighted average interest rate at year end of 1.6% (2016: 6.02%).

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest Rate Risk (continued)

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

	Profit or loss		Other Comprehensive Income	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
2017				
Group				
Cash and cash equivalents	**49,104**	**(49,104)**	**49,104**	**(49,104)**
	49,104	**(49,104)**	**49,104**	**(49,104)**
2016				
Group				
Cash and cash equivalents	**1,148**	**-**	**1,148**	**-**
Loans to other entities	**-**	**-**	**-**	**-**
Convertible notes	**(30,463)**	**30,463**	**(30,463)**	**30,463**
	(29,315)	**30,463**	**(29,315)**	**30,463**

(e) Equity Price Risk

The Group is exposed to equity price risk arising from its equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments and no hedging or derivative transactions have been used to manage equity price risk.

With respect to equity price risk arising from the Group's equity investments, the maximum exposure is equal to the carrying amount of the Group's equity investments.

The Company's investment in shares is classified as available-for-sale and is carried at fair value. The Directors have determined the fair value of the shares to be $380,140 (2016: $218,582) based on the most recent arm's length placement price of its shares. During the year, a fair value movement of $161,558 (2016: nil) has been recognised in the investments available-for-sale reserve.

Equity price sensitivity

A sensitivity of 20% has been selected as this is considered reasonable given the current status of global equity markets. The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. At reporting date, if the equity prices had been 20% higher or lower:

- Equity reserves at 30 June 2017 would increase/decrease by $76,028 for the Group (2016: $43,716); and
- Net loss for the year ended 30 June 2017 would not change as the gain during the year is taken to the reserve.

The Group's sensitivity to equity prices has not changed significantly from prior years.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is US dollars. Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars.

The Group's exposure to foreign current risky at the end of the reporting period was as follows:

	2017 USD$	2016 USD$
Cash at bank and on hand	**296,340**	**85,177**
Trade & other receivables	**99,687**	**16,595**
Trade & other payables	**(415,298)**	**(507,354)**
Loans & borrowings	**-**	**(2,764,205)**
	(19,271)	**(3,169,787)**

Foreign Currency sensitivity

Based on the financial instruments held at 30 June 2017, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been $1,927 higher/$1,927 lower (2016: $316,979 higher/$316,979 lower), the effect on equity would have been $343,409 higher/$343,409 lower (2016: $311,579 higher/$311,579 lower).

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

(g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

24. COMMITMENTS AND CONTINGENT LIABILITIES

The Group has operating lease commitments for 1 year amounting to $57,941 being the lease at its premises in the U.S. until its current expiry date of 28 February 2018.

As at the date of this report, the Group does not have any other commitments or contingent liabilities to note.

25. EVENTS SUBSEQUENT TO BALANCE DATE

i. On 15 September 2017, the Company announced that Freeway Overpass is now available on the Apple App Store and therefore is accessible to iPhone users. With the launch on the App Store, Freeway Overpass has increased is addressable audience to over 140 million Verizon and AT&T customers. The marketing activities to drive U.S. consumer awareness and adoption for Freeway Overpass have also begun.

ii. Freeway by Syntonic was nominated for the prestigious World Summit Award 2017 for the best and most innovative digital solution.

iii. On 22 September 2017, the Company issued 7,800,000 unlisted options pursuant to its approved Incentive Option Plan.

Other than as outlined above, there are no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Group.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Syntonic Limited:

1. In the opinion of the directors:

   (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group); and

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

2. The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1(b) to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

GARY GREENBAUM
Managing Director and CEO

29 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Syntonic Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Syntonic Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

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

Basis for opinion

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

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

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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Syntonic Wireless Inc. Note 20 of the financial report	
During the year the Group acquired 100% of the shares of Syntonic Wireless Inc. after issuing 1,200,000,000 ordinary shares and 500,000,000 performance shares to the vendors. The acquisition has been accounted for as a reverse acquisition (RTO) under AASB 3 *Business Combinations* because, as a result of the acquisition, the former owners of the legal subsidiary (Syntonic Wireless, Inc.) obtained accounting control of the legal parent (Syntonic Limited). Whilst the acquisition does not meet the definition of a business combination in accordance with AASB 3 *Business Combinations* (as Syntonic Limited is deemed for accounting purposes not to be a business), the acquisition has been accounted for as a share-based payment transaction using the principles of AASB 3 *Business Combinations* and AASB 2 *Share-Based Payment*. Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of the consideration and the net assets acquired under RTO principles. The excess of consideration over net assets acquired has been recognised as a cost of listing of $21,587,622 and is material to the statement of profit or loss and other comprehensive income. It is due to the size, complexity and judgement involved that this is considered to be a key audit matter.	Our procedures included but were not limited to the following: • We read the sale and purchase agreement to understand key terms and conditions; • We assessed the principles applied in the acquisition accounting; • We considered whether or not Syntonic Ltd and Syntonic Wireless Inc. constituted a business under AASB 3; • We assessed and recalculated the deemed consideration constituting the purchase price and the excess of consideration over net assets to be expensed; • We audited the net assets acquired; and • We assessed the adequacy of the Group's disclosure in respect of the acquisition.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

HLB Mann Judd

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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

HLB Mann Judd

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Syntonic Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
29 September 2017

CORPORATE GOVERNANCE

Syntonic Limited ("Syntonic" or "Company") and the entities it controls believe corporate governance is a critical pillar on which business objectives and, in turn, shareholder value must be built.

The Board of Syntonic has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company.

These documents are available in the Corporate Governance section of the Company's website, www.syntonic.com. These documents are reviewed annually to address any changes in governance practices and the law.

The Company's Corporate Governance Statement 2017, which explains how Syntonic complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' in relation to the year ended 30 June 2017, is available in the Corporate Governance section of the Company's website, www.syntonic.com and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only technology research & development;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the technologies sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

ASX ADDITIONAL INFORMATION

1. TWENTY LARGEST SHAREHOLDERS

As at 19 September 2017, the names of the twenty largest shareholders are listed below.

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
LINDFIELD NOMINEE SERVICES PTY LTD <GARY GREENBAUM>	457,074,221	19.40
LINDFIELD NOMINEE SERVICES PTY LTD <RAHUL AGARWAL>	457,074,221	19.40
BNP PARIBUS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	52,859,296	2.24
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPER FUND>	42,000,000	1.78
ARREDO PTY LTD	40,000,000	1.70
MR GAVIN JEREMY DUNHILL	38,500,000	1.63
CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	30,000,000	1.27
PROPEL HOLDING PTY LTD	30,000,000	1.27
CITICORP NOMINEES PTY LIMITED	21,678,063	0.92
J P MORGAN NOMINEES AUSTRALIA LIMITED	21,406,256	0.91
PETO PTY LTD <THE 1953 SUPER FUND>	20,000,000	0.85
MR LAXMI C GUPTA	16,646,617	0.71
MR MANISH GUPTA + MS ANJULA GUPTA <GUPTA FAMILY A/C>	16,646,617	0.71
MR SHALESH GUPTA	16,646,617	0.71
MR DEEPAK MITTAL	16,646,617	0.71
MR JOHN CHARLES VASSALLO + MR SEAN JAMES VASSALLO FAMILY S/F A/C>	15,776,589	0.67
MR NAUVNEEL SHIVM KASHYAP	14,000,000	0.59
WS INVESTMENT COMPANY LLC	13,919,671	0.59
MR JUSTIN LAURENCE BARRY	12,495,000	0.53
MR DAVID GARRY <GARY GREENBAUM>	12,120,507	0.51
MR DAVID GARRY <RAHUL AGARWAL>	12,120,507	0.51
Total Top 20	**1,357,610,799**	**57.63**
Others	998,032,747	42.37
Total Ordinary Shares on Issue	**2,355,643,546**	**100**

ASX ADDITIONAL INFORMATION

2. DISTRIBUTION OF EQUITY SECURITIES

As at 19 September 2017, an analysis of numbers of holders by size of holding is listed below.

Distribution	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	105	16,425
1,001 – 5,000	34	111,182
5,001 – 10,000	77	644,492
10,001 – 100,000	1,106	55,676,604
More than 100,000	1,248	2,299,194,843
Totals	**2,570**	**2,355,643,546**

As at 19 September 2017, there were 380 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

See Note 11(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 19 September 2017, substantial shareholder notices have been received from the following:

Substantial Shareholder	Number of Shares
LINDFIELD NOMINEE SERVICES PTY LTD <GARY GREENBAUM>	457,074,221
LINDFIELD NOMINEE SERVICES PTY LTD <RAHUL AGARWAL>	457,074,221

5. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Syntonic Limited's listed securities.

6. UNQUOTED EQUITY SECURITIES

As at 19 September 2017, an analysis of unlisted equity holders is listed below in accordance with ASX Listing Rule 4.10.16.

Holder	ULO $0.02 08/07/19	ULO $0.06 24/11/19	ULO $0.04 30/09/19	ULO $0.08 30/09/19	ULO $0.03 28/02/27
Celtic Capital Pty Ltd	8,750,000	5,250,000	-	-	-
Propel Holding Pty Ltd	7,500,000	-	-	-	-
LSAF Holdings Pty Ltd	5,000,000	-	-	-	-
Armada Capital & Equities Pty Ltd	-	6,900,000	-	-	-
Employees under approved Incentive Option Plan			2,000,000	2,000,000	35,000,000
Total number of holders	**4**	**2**	**1**	**1**	**2**
Total holdings over 20%	**21,250,000**	**12,150,000**	**2,000,000**	**2,000,000**	**35,000,000**
Other holders	**1**	**2**	**-**	**-**	**-**
Total	**25,000,000**	**15,000,000**	**2,000,000**	**2,000,000**	**35,000,000**

6. UNQUOTED EQUITY SECURITIES (continued)

Holder	Performance Shares
Gary Greenbaum	166,666,667
Rahul Agarwal	166,666,667
Total number of holders	2
Total holdings over 20%	333,333,334
Other holders	-
Total	333,333,334

7. EQUITY SECURITIES SUBJECT TO ESCROW

As at 19 September, the following securities were subject to escrow:

Equity Security	Expiry of Escrow Period	Number of securities
Ordinary shares	20/07/2018	1,008,035,992
ULO $0.02, 08/07/19	20/07/2018	25,000,000
Performance shares	20/07/2018	333,333,334

8. USE OF CASH AND ASSETS

In accordance with ASX Listing Rule 4.10.19 Syntonic Limited (ASX: SYT) confirms it has used the cash and assets in a form readily convertible into cash, that it had at the time of its admission to ASX, for the period from admission to 30 June 2017 in a way that is consistent with is business objectives and strategy.