ASX ANNOUNCEMENT

SYNTONIC

Unleashing the Value of Mobile Data

Annual Report

For the year ended
30 June 2018

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Syntonic, Inc.
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West Perth WA 6005

Email: ir@syntonic.com

ABN: 68 123 867 765
ASX Code: SYT

SYNTONIC

CONTENTS

CORPORATE DIRECTORY

DIRECTORS:	Dr Gary Greenbaum – Managing Director and CEO Mr Rahul Agarwal – Executive Director, President and CTO Mr Steven Elfman – Non-Executive Chairman Mr Christopher Gabriel – Non-Executive Director Mr Nigel Hennessy – Non-Executive Director
COMPANY SECRETARY:	Mr Steven Wood – Joint Company Secretary Ms Kate Sainty – Joint Company Secretary
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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

SYNTONIC

Letter from the Chairman

Dear Shareholders,

It is with pleasure that I present Syntonic Limited's Annual Report for the financial year ending 30 June 2018.

The year has been one of good progress for the Company in terms of its financial performance and operational achievements. Your management team and Board has focused on the Company's global expansion of its two technology solutions, Freeway by Syntonic® and Syntonic DataFlex®, and is pleased with the partnerships that are now in place in Europe, Africa, Asia, the US and the Middle East, as well as the opportunities that remain in the Company's business development pipeline.

Revenue grew significantly during the year, largely driven by the Company's partnership with US telecommunications company, Verizon Wireless. Importantly, the foundations have been laid for stable and diversified revenue growth in FY19 through the multiple partnerships the Company now has in place with mobile operators, resellers and content providers.

As with all technology companies working with large enterprises, the sales cycle and lead time to deployment can be lengthy, often taking between 18 to 24 months. Our partnership with Tata Communications has been typical of industry norms in this sense; however, we are working closely with Tata and anticipate the launch of its sponsored data exchange, branded as 'opari', to take place soon.

The market for our Freeway service remains global. Freeway is a compelling offering for mobile operators across the world as they look for ways to supplement declining average-revenue-per-user ("ARPU") by accessing high-margin, content-based revenue streams. Freeway enables mobile operators to participate in the US$183.3 billion annual mobile advertising market[1] and the mobile commerce market where total global carrier billing revenue is estimated to be worth more than US$24 billion by 2019[2].

It is this large consumer appetite for mobile commerce that has led us to expand into Brazil via the acquisition of the assets of Zenvia's mobile commerce business unit. This acquisition further builds our global footprint, and combines our Freeway service, which offers a cost-efficient customer acquisition and engagement services, with a new mobile commerce technology to facilitate customer monetisation.

With a strong year of building carrier relationships, securing regional partnerships, and integrating our platform with mobile operators, the Board looks to FY19 with optimism. Commercial deployments are anticipated in South America, Asia, Middle East, and Sub-Sahara Africa and these will add to our revenue generation. Through this continued global build-out, we expect that FY19 will deliver more diversified sources of revenue which will contribute to greater revenue predictability and consistency for our Company.

We are confident that the strength of our technology solutions will meet the carriers demand for growing ARPUs. On behalf of the Board, I would like to thank our shareholders for continuing to support Syntonic and I look forward to reporting on the Company's progress in FY19.

Yours sincerely,

Steve Elfman
Chairman of the Board
Syntonic Limited

1 eMarketer, March 2018 quoting 2018 forecasts
2 Ovum Research, "Carrier Billing Global Market Trends and Forecast", 2015

SYNTONIC

Letter from the Co-Founders

Dear fellow shareholders,

As Co-founders and significant shareholders, we are pleased with the progress that Syntonic has made during the fiscal year - expanding the Company's geographic reach, increasing revenue from operations, and executing on the business pipeline of customers and partners to lay the foundations for diversified and growing revenue in FY19.

Syntonic remains an innovative software company that has built a defensible technology and business with sustainable marketplace leadership through its two leading products: Freeway by Syntonic®, which provides consumers sponsored data and paid subscription access to premium mobile content; and Syntonic DataFlex®, which enables businesses to cost-efficiently deploy, manage, and operate an employee mobility program.

The Company's vision remains the same since inception, to unlock the value of mobile data for carriers. We provide the software platform and services that enable mobile operators to participate in the 'app-economy', namely the growing US$2 trillion annual revenue generated from mobile advertising, mobile commerce, and enterprise mobility. Both Freeway and DataFlex are well-positioned to enable carriers to achieve new revenue streams from these segments to offset declining average-revenue-per-user ("ARPU") as data, voice and messaging become commoditised services.

The Company's software platform, the Syntonic Connected Services Platform ("CSP"), further extends its market leadership with technology from our recently announced acquisition of the Mobile Commerce Platform ("MCP") from Zenvia Mobile Servicos Digitais S.A. The MCP enables consumers to make online purchases using their carrier billing account, known as direct-carrier-billing which represents an estimated total global carrier revenue opportunity of more than US$24 billion by 2019[3].

With the MCP integrated into the Syntonic CSP, the Company will have a comprehensive mobile advertising service and a complete mobile commerce service to license to mobile carriers. This enhanced platform broadens the Freeway value proposition to mobile carriers, brands and content providers; builds additional revenue streams for the Company; and generates additional value for shareholders.

Achievements for the financial year

During the financial year, Syntonic continued to execute a global commercialisation strategy for its technology solutions - developing worldwide partnerships, enlisting reseller relationships in strategic geographies, and establishing commercial relationships with content and telecommunication providers that include market leaders such as Verizon Wireless, Tata Communications, Ooredoo Group, MTN, Vodafone and Smart Communications, that will lead to upcoming deployments in Oman, Sub-Saharan Africa, Turkey, Vietnam and the Philippines.

Demonstrating encouraging initial demand for our Freeway Roaming Service™, which provides sponsored data access to essential and popular travel services to international travellers, Smart Communications was the first revenue generating customer for the Freeway Roaming Service shortly after it was commercially available. Smart is a leading wireless provider in the Philippines with 57.7 million mobile subscribers and is planning to deploy the service later in 2018, branded as RoamFree, to mobile subscribers traveling abroad who want to reduce their high international data roaming charges.

3 Ovum Research, "Carrier Billing Global Market Trends and Forecast", 2015

SYNTONIC

We were also very pleased to re-commence commercialisation efforts of DataFlex during the year, after a strategic planned pause to focus on the international deployment of the Freeway service. These efforts quickly resulted in the signing of the first DataFlex reseller agreement with AKTAY A.S. that includes a minimum revenue commitment, subject to a sales commission, of US$5 million.

Strong progress has also been achieved with Freeway's global installed user base, which has reported consistent quarterly growth exceeding 25% throughout the year to reach 39.7 million smartphones by the end of June 2018. With the announced engagements in Oman, Sub-Saharan Africa, Turkey, Vietnam and the Philippines, an additional 162.1 million smartphones will be added to the Syntonic addressable audience for potential monetisation.

Our partnership with Verizon was a major component of the Company's operating revenue in FY18, with revenue growth exceeding 104% during the financial year to reach $1,730,366, from $846,139 for the year to 30 June 2017. Our agreement with Verizon remains active and we expect it to continue to be revenue generating throughout the 2019 financial year.

The Company has continued to evolve its partnership with Tata Communications, which signed a world-wide, non-exclusive agreement to renew and expand the scope of its license to the white-labelled version of the Syntonic CSP to support its sponsored data and data rewards services for the Tata sponsored data exchange, recently rebranded as 'opari.'

Corporate

During the year, Syntonic completed an oversubscribed placement to raise $5.0 million (before costs). The funds were raised from new and existing shareholders and sophisticated investors to support Syntonic's global commercialisation activities as well as to strengthen the Company's balance sheet and support an engaging customer experience.

Looking ahead

The Company looks forward to the 2019 financial year, as the partnerships and commercial agreements established in FY18 lead to meaningful revenue growth. Moreover, this growth will take place from a broad group of tier-1 customers which will deliver more revenue predictability and consistency for Syntonic.

The Syntonic team has worked diligently throughout the year to deliver a strong year of operational progress and we would like to extend our thanks to them for their continued dedication and commitment.

We would also like to thank all our shareholders for their ongoing support of the Company and look forward to updating you on Syntonic's progress throughout the 2019 financial year.

Yours sincerely,

Gary Greenbaum
Co-Founder and CEO, Syntonic

Rahul Agarwal
Co-Founder, President and CTO, Syntonic
31 August 2018

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Syntonic Limited ("Syntonic" or "the Company") and the entities it controlled during the year ended 30 June 2018 ("the Group").

DIRECTORS

The persons who were Directors of Syntonic Limited during the financial year and up to the date of this report are:

Mr Steven Elfman - Non-Executive Chairman (appointed 5 October 2016)
Dr Gary Greenbaum - Executive Director & Chief Executive Officer (appointed 8 July 2016)
Mr Rahul Agarwal - Executive Director, President & Chief Technology Officer (appointed 8 July 2016)
Mr Christopher Gabriel - Non- Executive Director (appointed 5 October 2016)
Mr Nigel Hennessy - Non-Executive Director (appointed 30 June 2017)

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.

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

Mr 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; & 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 Masters in Computer Science from West Virginia University.

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

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 is a founding partner of TAP Growth Group and currently sits on the Board of CollabIP, Affirmed Networks, Smith Micro.

During the three year period to the end of the financial year, Mr Elfman 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 the 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 to grow companies globally comes at a pivotal time for Syntonic following its successful listing on the ASX and expansion in Asia and beyond.

During the three year period to the end of the financial year, Mr Gabriel 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.

Subsequent to 30 June, Mr Hennessy was appointed a committee member for the Regional Development Association – Sydney and Independent Non-Executive Director of Australian Institute of Project Management.

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

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

Following the acquisition of 100% of the issued capital of Syntonic Wireless, Inc., a Seattle-based software company in July 2016, the principal activity of the Consolidated Entity has been the provision of mobile technology services to businesses and consumers.

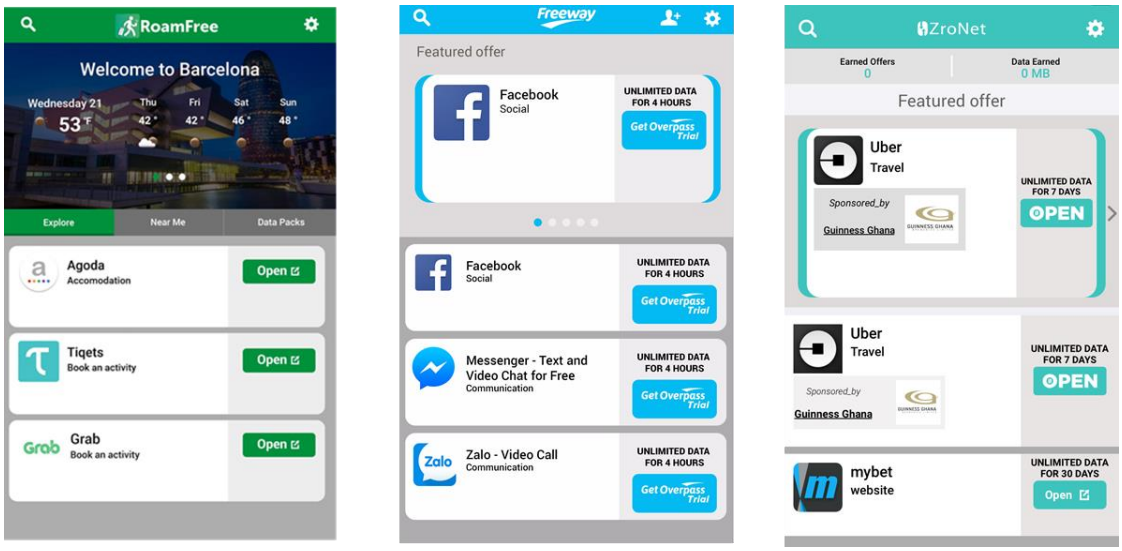
OPERATING AND FINANCIAL REVIEW

About Syntonic

Syntonic Wireless, a wholly owned subsidiary of Syntonic Limited, is a Seattle based software company which is developing and commercialising two core technology solutions: Freeway by Syntonic® and Syntonic DataFlex®.

Freeway

The Freeway platform is licensed to mobile carriers and strategic partners to enable new "app-economy" revenue streams from mobile advertising and mobile commerce. The platform provides content providers, application publishers, and mobile brands a cost-efficient solution for customer acquisition and engagement by offering consumers sponsored data, data rewards, and unlimited-data 'content-plans'.

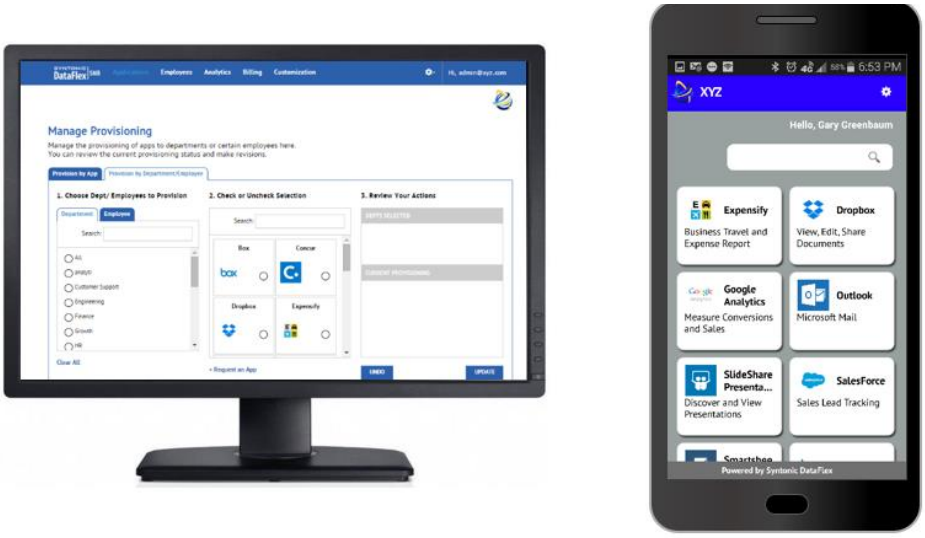


Example screen views of white-labelled Freeway applications in the Philippines, Vietnam, and Ghana

DIRECTORS' REPORT

DataFlex

Syntonic's DataFlex service enables businesses to manage split billing expenses for employees who use their personal mobile phones for work. DataFlex enables enterprises to reduce the cost of deploying, managing, and operating their workforce mobile connectivity program.



Admin Management Dashboards

Mobile Device Experience

Syntonic DataFlex Experience

Commercialisation Strategy

Both of these technology solutions leverage the Syntonic Connected Services Platform™ ("Syntonic CSP") and the Company is commercialising them through its Systems and Services business units.

Syntonic's Systems business licenses its platform technologies, including the Syntonic CSP, the Freeway Software Development Kit™ ("Freeway SDK"), and a white-labelled Freeway container application, to mobile carriers and service providers to enable them to access new revenue streams from mobile advertising and mobile commerce. These platform services enable a wide-range of app & content-centric business models, including sponsored data, zero-rated (unmetered), ad-supported and unlimited-data "content plans."

The Company's Services business includes the direct-to-customer service, called Freeway by Syntonic®, and Syntonic DataFlex®, the Company's direct-to-enterprise service.

During the financial year, the Company strategically accelerated its business development efforts for its higher margin Systems business to pursue a significant business pipeline of carriers and value-added service ("VAS") providers. This was partly facilitated by the reallocated marketing resources from its direct-to-consumer Freeway application.

DIRECTORS' REPORT

Highlights during the full-year period:

- Revenue from ordinary activities grew strongly during the financial year to reach $1,730,366. This represents a 104% increase compared to the full year to 30 June 2017 of $846,139.
- Cash receipts from customers also grew significantly with the Company reporting $1,736,384 in the financial year to 30 June 2018, representing a 131% increase on the previous financial year.
- The Freeway global installed base grew at an accelerated pace during the year to reach 39.7 million smartphones.
- Syntonic continued to execute a global commercialisation strategy, forming and developing partnerships with worldwide leaders in the mobile ecosystem, as well as resellers in strategic geographies for both Freeway and DataFlex, including tier-1 mobile providers Tata Communications, Verizon Wireless, and Smart Communications.

The Company's global commercial progress during the financial year is outlined below:

Europe
In April 2018, Syntonic signed its first reseller agreement for its DataFlex service with AKTAY. This included a minimum revenue commitment, subject to a sales commission, of US$5,000,000 between calendar years 2018 – 2021 and marked the re-commencement of commercialisation efforts for DataFlex, after a strategic 14 month planned pause to focus on the international deployment of the Freeway service.

The DataFlex agreement builds on Syntonic's November 2017 partnership with AKTAY to distribute Freeway into Turkey. Working with AKTAY, Syntonic is integrating the Syntonic CSP to enable white-labelled Freeway and DataFlex services with Türk Telekom, Turkcell, and Vodafone Turkey.

Asia
Syntonic entered into a partnership with TecaPro Limited, to expand the Freeway services into the Vietnamese market in November 2017. Supported by TecaPro, Viettel Telecom completed its final acceptance testing of the Freeway platform in Vietnam during the financial year and a proof of concept launch is expected to follow.

The Company reported its first revenue generating customer for its Freeway Roaming Service, with Smart Communications, a leading wireless provider in the Philippines with 57.7m mobile subscribers, in June 2018.

Smart will deploy a white-labelled Freeway Roaming Service, branded as RoamFree, to provide sponsored data access to essential and popular travel services to international travellers with a Smart mobile account that wish to avoid incurring high international roaming costs.

Greater China is an important region for Syntonic and the Company continues to engage with several local partners in the region.

Africa & Middle East
In Ghana, Syntonic completed the integration of the Syntonic CSP into the production environments of MTN Ghana, Airtel Tigo and Vodafone Ghana during the year. Furthermore, the Company has also completed integration of its white-labelled services with Safaricom in Kenya.

In April 2018, Syntonic signed a three-year partnership agreement with Nazara Technologies FZ LLC, a subsidiary of Nazara Technologies Limited ("Nazara"), a leading mobile games company, for a 90-day trial launch of the Nazara's Games Club subscription service to be available data-free on Freeway by Syntonic. The service will be available in Oman to subscribers of Ooredoo, a leading communications company with 164 million customers and operations in Qatar, Kuwait, Oman, Algeria, Tunisia, Iraq, Palestine, the Maldives, Myanmar and Indonesia.

DIRECTORS' REPORT

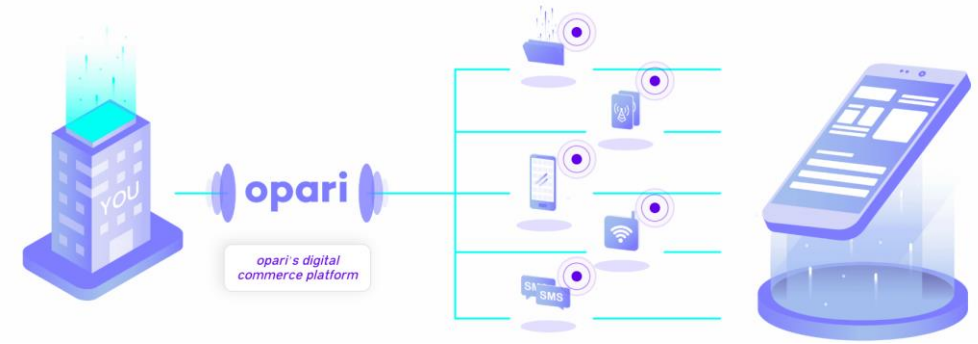
United States

During the financial year, Syntonic continued to grow its Freeway service activations in the United States via its licensing agreement with Verizon Wireless. While Verizon service activations continued to grow throughout the period, the growth rate decreased in the last month of the financial year as Verizon's new CEO commenced an evaluation of the company's overall content strategy. The agreement remains active and revenue generating.

In September 2017, Syntonic launched the iOS version of Freeway Overpass on the Apple App Store, building on the Android version which was deployed on the Google Play store in late June 2017. Overpass is to expand globally via agency relationships in new markets including Vietnam and Sub-Sahara Africa. As already noted, the Company later strategically shifted its commercialisation efforts from its direct to consumer offering to focus on its higher margin Systems business, licensing the Freeway platform to mobile operators and service providers.

Global

Syntonic broadened its distribution and licensing agreement with Tata Communications ("Tata"), the flagship telecom arm of the Tata Group with a market capitalisation of ~US$196 billion, for a white-labelled version of the Syntonic CSP in February 2018. The expanded license is a world-wide, non-exclusive, limited three-year agreement to use additional Syntonic application program interfaces, enabling broader and more flexible capabilities for Tata's Sponsored Data Exchange. This renewed agreement was built upon Tata's February 2016 license to the Syntonic CSP and the Freeway SDK. Tata has now branded its sponsored data exchange service as Opari Digital Commerce, which includes the Syntonic CSP for its sponsored data and data rewards services.



Tata Communications Opari Services powered by Syntonic's Connected Services Platform

DIRECTORS' REPORT

Corporate

$5m Capital Raise

Syntonic completed an oversubscribed placement of 250 million new shares in December 2017 at a placement price of 2 cents per share. The Company raised $5.0 million (before costs) from new and existing shareholders and sophisticated investors.

The Lead Manager, CPS Capital Group Pty Ltd, received a cash placement fee of 6% of total funds raised and 133,333,333 Syntonic unlisted options, exercisable at 3 cents per share on or before 31 December 2020, as an advisory fee for the capital raise.

The funds were raised to support Syntonic's global commercialisation activities, to accelerate its installed base growth in recently-launched countries and to expand into new geographies, as well as to strengthen the Company's balance sheet and support an engaging customer experience.

Syntonic Brazil

In June 2018, Syntonic announced the proposed purchase of the assets of the mobile commerce business unit of Zenvia Mobile Servicos Digitais S.A., including the transfer of all technical and operational assets for its core Mobile Commerce Platform, assignment of all carrier and content contracts, and the transfer of approximately 11 operations and business support staff. The acquisition is for a cash consideration of US$700,000 (A$940,000) with a vendor earn-out of 20% of the first US$21.5 million (A$28.9 million) of the contribution margin generated by the acquired assets over 3.5 years.

To support the expansion into Brazil, Syntonic plans to establish a new subsidiary, Syntonic Brazil, which will be based in São Paulo, Brazil. This acquisition was completed following the close of the period, in August 2018.

RESULTS OF OPERATIONS

The net loss of the Group attributable to members of the Company for the year ended 30 June 2018 was $5,386,841 (2017: $25,762,930).

The loss at 30 June 2017 was mainly attributable to the treatment of the acquisition of Syntonic Wireless, Inc. as a reverse acquisition which resulted in a $21,587,622 cost of listing expense being included in the result for the year (refer to Note 20 for further information).

FINANCIAL POSITION

At 30 June 2018, the Group had cash reserves of $4,947,217 (2017: $4,910,375) and no debt placing the Group in a strong position to conduct its current activities and to pursue new business development opportunities.

As at 30 June 2018, the Company had net assets of $4,502,168 (2017: $4,828,160).

DIRECTORS' REPORT

Quarterly Results & Disclosure

The Company notes that it has previously disclosed unaudited revenue on a quarterly basis as part of its Quarterly Activities Report. For the years ended 30 June 2017 and 2018, all quarterly revenue numbers quoted total the revenue from sales and service disclosed in Note 2.

As part of its audit procedures, it was identified that the unaudited March 2017 and June 2017 quarterly revenue figures disclosed were misstated in a number of market disclosures, where the March 2017 quarter was understated by $109,686, and the June 2017 quarter was overstated by $109,686. The Company confirms that all audited revenue figures stated in the 30 June 2017 Annual Report and 31 December 2017 Half-Year Financial Report lodged with the ASX remain unadjusted.

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 & 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®.

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 Asia, Sub-Saharan Africa, Central Europe 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

	2018 cents	2017 cents
Basic and diluted loss per share	(0.22)	(1.18)

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

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

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

6 July 2018	Conversion of 166,666,666 Performance Shares into Ordinary Shares in the capital of the Company following achievement of Milestone 2, and the issue of 17,286,763 unlisted options to employees and advisors of the Company pursuant to the Company's employee incentive stock option plan.
9 July 2018	The lapse of 166,666,668 Performance Shares following Milestone 3 not being achieved by their expiry date.
20 August 2018	Syntonic announced the acquisition of the assets of the mobile commerce (or "value-added-services") business unit of Zenvia Mobile Servicos Digitais (Zenvia), a leading Brazilian Application-to-Person service provider. The assets acquired include Zenvia's Mobile Commerce Platform, assignment of all active mobile carrier and content provider agreement, and the transfer of key employees to support the business operations. Consideration includes a cash payment of US$700,000 and a vendor earn-out of 20% of the first US$21.5m of contribution margin over 3.5 years. All acquired assets and operations will be transferred and/or assigned to Syntonic Brazil, a newly incorporated Syntonic subsidiary.
30 August 2018	Syntonic announced the execution of service agreement with Vodacom Group Limited to enable Vodacom to deploy a sponsored data advertising business using the Company's Freeway platform services.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group or the results of those operations of the Group in future financial years.

DIRECTORS' INTERESTS

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

	Ordinary Shares[1]
Gary Greenbaum	552,528,061
Rahul Agarwal	552,528,061
Steven Elfman	2,600,000
Christopher Gabriel	2,600,000
Nigel Hennessy	1,300,000

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

DIRECTORS' REPORT

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	21,666,667
22 September 2017	22 September 2027	$0.026	7,000,000
18 December 2017	31 December 2020	$0.03	133,333,333
6 July 2018	6 July 2028	$0.014	17,286,763

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, the Company has incurred a premium of $38,200 excluding GST (2017: 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

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 & Chief Executive Officer
Mr. Rahul Agarwal	Executive Director, President and Chief Technology Officer
Mr. Steven Elfman	Non-Executive Chairman
Mr. Christopher Gabriel	Non-Executive Director
Mr. Nigel Hennessy	Non-Executive Director

Other KMP

Mr. Steven Wood	Joint Company Secretary
Ms. Kate Sainty	Joint Company Secretary
Mr. Benjamin Rotholtz	Chief Marketing Officer *(resigned 11 May 2018)*

Unless otherwise disclosed, the KMP held their position from 1 July 2017 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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. Subsequent to the end of each financial year, the Board assesses performance against these criteria.

The Group paid cash bonuses of US$350,000 during the 2018 financial year (2017: US$20,000).

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 2018 financial year, nil incentive options were issued to KMPs (2017: 20,000,000).

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 1,300,000 fully paid ordinary shares (2017: $36,000 plus superannuation) per annum 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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.

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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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						
2018	SALARY & FEES	CASH BONUS	SUPER-ANNUATION	TERMINATION PAYMENTS	SHARE-BASED PAYMENTS	TOTAL	PERCENTAGE PERFORMANCE RELATED
	$	$	$	$	$	$	%
Directors							
Gary Greenbaum	332,399	193,000	-	-	-	525,399	36.7%
Rahul Agarwal	349,235	193,000	-	-	-	542,235	35.6%
Steven Elfman	-	-	-	-	33,800 [3]	33,800	-
Christopher Gabriel	-	-	-	-	33,800 [3]	33,800	-
Nigel Hennessy	-	-	-	-	33,800 [3]	33,800	-
Other KMP							
Benjamin Rotholtz[1]	233,084	64,333	-	-	40,757	338,175	19.0%
Steven Wood[2]	-	-	-	-	-	-	-
Kate Sainty[2]	-	-	-	-	-	-	-
Total	914,718	450,333	-	-	142,157	1,507,208	29.9%

Notes:

1 Resigned 11 May 2018

2 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 $192,459 for the provision of administrative, accounting and company secretarial services to the Company during the financial year.

3 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

2017	SHORT-TERM BENEFITS SALARY & FEES	CASH BONUS	SUPER-ANNUATION	TERMINATION PAYMENTS	SHARE-BASED PAYMENTS	TOTAL	PERCENTAGE PERFORMANCE RELATED
	$	$	$	$	$	$	%
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	7.5%
Gregory Swan[7]	-	-	-	-	-	-	-
Steven Wood[8]	-	-	-	-	-	-	-
Kate Sainty[8]	-	-	-	-	-	-	-
Total	889,053	26,508	3,918	-	235,346	1,154,825	2.3%

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 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Share-based Compensation to Key Management Personnel

Options

There were nil options issued to KMPs as remuneration during the 2018 financial year (2017: 20,000,000).

2017	Date Options Granted	Number of Options Granted	Expiry Date	Exercise Price	Value per Option at Grant Date	Total Fair Value
Other KMP						
Benjamin Rotholtz[1]	7 Apr 17	20,000,000	28 Feb 27	0.03	0.027	536,565
Total		20,000,000				536,565

Notes:
1 Resigned 11 May 2018

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.

On 11 May 2018, Mr Rotholtz resigned from the Company. Any unvested options were cancelled as at this date.

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:

	Date Shares Issued	Number of Shares Issued/Granted	Fair Value per Share at Grant Date ($)	Total Fair Value ($)
Directors				
Steven Elfman	1 November 2017	1,300,000	0.026	33,800
Christopher Gabriel	1 November 2017	1,300,000	0.026	33,800
Nigel Hennessy	1 November 2017	1,300,000	0.026	33,800
Total		3,900,000		101,400

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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, had an employment agreement with the Group effective from 1 January 2017. Mr Rotholtz was an at-will employee and the employment agreement could be terminated by either party at any time for any or no reason. In the event of termination without cause, Mr Rotholtz was 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 received a fixed remuneration component of US$200,000 per annum and was entitled to a bonus of US$70,000.

Other Transactions

Adroit Business Solutions, a Company of which Mr Rahul Agarwal is a director and beneficial shareholder, was paid US$975,100 for the provision of product development services (2017: US$862,250), based on a monthly retainer due and payable on invoice, with no fixed term. The monthly retainer increased from US$73,500 to US$80,500 effective 1 August 2018, and to US$88,000 effective 1 May 2018 in line with market rates. These amounts have been recognised as expenses in the Consolidated Statement of Profit or Loss and other Comprehensive Income, with any outstanding balances being unsecured and repayable in cash.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Options 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 KMP of the Group, including their personally related parties are set out below.

2018	Balance at 1/7/17	Granted as Remuneration	Exercised	Expired	Balance at 30/6/18	Vested & Exercisable	Unvested
Directors							
Gary Greenbaum	-	-	-	-	-	-	-
Rahul Agarwal	-	-	-	-	-	-	-
Steven Elfman	-	-	-	-	-	-	-
Christopher Gabriel	-	-	-	-	-	-	-
Nigel Hennessy	-	-	-	-	-	-	-
Other KMP							
Benjamin Rotholtz[1]	20,000,000	-	-	-	20,000,000	6,666,667	13,333,333
Steven Wood	-	-	-	-	-	-	-
Kate Sainty	-	-	-	-	-	-	-
Total	20,000,000				20,000,000	6,666,667	13,333,333

Notes:
1 Resigned 11 May 2018

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 KMP of the Group, including their personally related parties are set out below.

Ordinary Shares

2018	Held at 1 July 2017	Net Change	Held at 30 June 2018
Directors			
Gary Greenbaum	469,194,728	-	469,194,728
Rahul Agarwal	469,194,728	-	469,194,728
Steven Elfman	1,300,000	1,300,000	2,600,000
Christopher Gabriel	1,300,000	1,300,000	2,600,000
Nigel Hennessy	-	1,300,000	1,300,000
Other KMP			
Benjamin Rotholtz[1]	-	-	-
Steven Wood	-	-	-
Kate Sainty	-	-	-
Total	940,989,456	3,900,000	944,889,456

Notes:
1 Resigned 11 May 2018

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Performance Shares

2018	Held at 1 July 2017	Net Change	Held at 30 June 2018
Directors			
Gary Greenbaum	166,666,667	-	166,666,667
Rahul Agarwal	166,666,667	-	166,666,667
Steven Elfman	-	-	-
Christopher Gabriel	-	-	-
Nigel Hennessy	-	-	-
Other KMP			
Benjamin Rotholtz[1]	-	-	-
Steven Wood	-	-	-
Kate Sainty	-	-	-
Total	333,333,334	-	333,333,334

Notes:

1 Resigned 11 May 2018

End of Remuneration Report

DIRECTORS' REPORT

DIRECTORS' MEETINGS

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

	Board Meetings	
Director	Number eligible to attend	Number attended
Gary Greenbaum	7	7
Rahul Agarwal	7	7
Steven Elfman	7	6
Christopher Gabriel	7	7
Nigel Hennessy	7	7

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 2018 has been received and can be found on page 27 of the Directors' Report.

Signed in accordance with a resolution of the directors.

GARY GREENBAUM
Managing Director

31 August 2018

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 2018, 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
31 August 2018

D I Buckley
Partner

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

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SYNTONIC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	2018 $	2017 $
Continuing operations			
Revenue from ordinary activities	2(a)	1,730,366	846,139
Other income	2(b)	38,158	78,274
Revenue from continuing operations		1,768,524	924,413
Cost of sales		(679,751)	(395,315)
Marketing expenses		(691,721)	(704,754)
Research and development expenses		(1,452,648)	(1,162,039)
Staff expenses		(2,223,206)	(1,474,959)
Other operating expenses	3	(1,664,182)	(997,208)
Share based payment expense	19	(523,813)	(360,910)
Interest expense		(1,462)	(4,536)
Gain/(Loss) on disposal of available-for-sale investment		81,418	-
Cost of listing on reverse acquisition	20	-	(21,587,622)
Loss before income tax expense		(5,386,841)	(25,762,930)
Income tax expense	4	-	-
Net loss for the year		(5,386,841)	(25,762,930)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		(161,558)	161,558
Exchange difference on translation of foreign operations		(4,035)	36,463
Total other comprehensive income/(loss), net of tax		(165,593)	198,021
Total comprehensive loss for the year, net of tax		(5,552,434)	(25,564,909)
Total comprehensive loss attributable to members of the Company		(5,552,434)	(25,564,909)
Loss per share from continuing operations attributable to the ordinary equity holders of Syntonic Limited:			
Basic and diluted loss per share (cents)	15	(0.22)	(1.18)

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

SYNTONIC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	6	4,947,217	4,910,375
Trade and other receivables	7	188,635	118,751
Other assets	8	141,438	19,080
Total current assets		5,277,290	5,048,206
Non-current assets			
Other financial assets	9	9,958	386,654
Total non-current assets		9,958	386,654
TOTAL ASSETS		5,287,248	5,434,860
LIABILITIES			
Current liabilities			
Trade and other payables	10	785,080	606,700
Total current liabilities		785,080	606,700
TOTAL LIABILITIES		785,080	606,700
NET ASSETS		4,502,168	4,828,160
EQUITY			
Contributed equity	11	37,546,468	34,114,578
Reserves	12	2,056,882	427,923
Accumulated losses	13	(35,101,182)	(29,714,341)
TOTAL EQUITY		4,502,168	4,828,160

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

SYNTONIC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Contributed Equity	Investments Available for Sale Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$			$	$	$
Balance at 1 July 2017	34,114,578	161,558	554,604	(288,239)	(29,714,341)	4,828,160
Net loss for the year	-	-	-	-	(5,386,841)	(5,386,841)
Other comprehensive income, net of tax	-	(161,558)	-	(4,035)	-	(165,593)
Total comprehensive income/(loss) for the year	-	(161,558)	-	(4,035)	(5,386,841)	(5,552,434)
Transactions with owners, recorded directly in equity						
Issue of shares, net of transaction costs	3,330,490	-	-	-	-	3,330,490
Share based payment	101,400		1,794,552	-	-	1,895,952
Balance at 30 June 2018	37,546,468	-	2,349,156	(292,274)	(35,101,182)	4,502,168

	Contributed Equity	Investments Available for Sale Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$			$	$	$
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 & loans into consideration shares	3,283,647	-	-	-	-	3,283,647
Cancellation of incentive stock options for consideration	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

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

SYNTONIC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(6,593,413)	(4,744,710)
Receipts from customers and other debtors		1,736,384	750,998
Interest paid		38,158	(4,536)
Interest received		(1,462)	78,274
Net cash outflow from operating activities	14(a)	(4,820,333)	(3,919,974)
Cash flows from investing activities			
Cash arising on acquisition of controlled entity		-	3,778,729
Proceeds on sale of investment		300,000	-
Loan provided to third party		(128,469)	-
Net cash inflow from investing activities		171,531	3,778,729
Cash flows from financing activities			
Proceeds from issue of shares		5,000,000	5,440,000
Payments for share issue costs		(298,667)	(357,272)
Repayment of borrowings		-	(136,500)
Net cash inflow from financing activities		4,701,333	4,946,228
Net increase in cash and cash equivalents		52,531	4,804,983
Effect of movement in exchange rates on cash held		(15,689)	(9,419)
Cash and cash equivalents at beginning of year		4,910,375	114,811
Cash and cash equivalents at end of year		4,947,217	4,910,375

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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 2018 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 2018 was authorized for issued in accordance with a resolution of the Directors on 31 August 2018.

(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

In the prior period, 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 & 2018 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.

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.

i. New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.
Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

ii. Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2018, are set out below.

Title of standard	AASB 9 Financial Instruments
Nature of Change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets
Impact	The group has reviewed its financial assets and liabilities which consist of: - Available-for-sale financial asset which was disposed of during the financial year; - The group does not hold any complex financial assets & liabilities and does not expect the new changes to have any impact on its recognition of financial assets. The new hedge accounting rules also have no impact on the group. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.
Date of adoption by the group	Must be applied for financial years commencing on or after 1 January 2018. The group will apply the new rules from 1 July 2018, with the practical expedients permitted under the standard. There will be no requirement on restatement of comparatives.

Title of standard	AASB 15 Revenue from Contracts with Customers
Nature of Change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management has assessed the effects of applying the new standard on the group's financial statements and has identified that revenue is recognised on satisfying performance obligations inhibited in the license and reseller agreements - being when goods/services are transferred to the customer. This has been applied to all current contracts and agreements in place and revenue recognised on this basis.
Date of adoption by the group	Mandatory for financial years commencing on or after 1 January 2018. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

Title of standard	AASB 16 Leases
Nature of Change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	Considered to be minimal impact as current leases are in relation to immaterial office lease held by the group.
Date of adoption by the group	Mandatory for financial years commencing on or after 1 January 2019. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

The group has applied the following standards and amendment for the first time for their annual reporting period commencing 1 January 2018:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based payment transactions
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current period or future periods.

(d) Going Concern

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

Notwithstanding the fact that the Group incurred a net loss of $5,386,841 and cash outflows from operating activities of $4,820,333 for the year ended 30 June 2018, the Directors are of the opinion that the Group is a going concern for the following reasons:

- Successful capital raisings historically, including the Company completing a $5 million (before costs) oversubscribed capital raising in December 2017 proving the ability to raise additional capital; and
- Continued growth of revenue products.

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 Asia, Sub-Saharan Africa, Central Europe and Latin America and Syntonic DataFlex in North America and Europe.

To the extent that the above measures are not successful in providing sufficient capital for the Company, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(e) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2018 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.

(f) Foreign Currencies

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2018 and the results of all subsidiaries for the year then ended.

(i) Function 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 recognized.

(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.

(g) 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.

(h) 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.

(i) 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.

<u>Financial assets at fair value through profit or loss</u>

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.

(iii) 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.

(iv) 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.

(j) 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.

(k) 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.

(l) Payables

Liabilities are recognized 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.

(m) Provisions

Provisions are recognized 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 19 – Shared based payments

(t) 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.

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".

(u) 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.

(v) 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.

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.

(w) 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.

(x) 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.

(y) 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.

(z) Loans & 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

	2018	2017
	$	$
a) Revenue		
Sales & service revenue	1,730,366	846,139
	1,730,366	846,139
b) Other income		
Interest revenue	38,158	78,274
	38,158	78,274

3. Other Expenses

	2018	2017
	$	$
Other operating expenses		
Accounting, legal and other professional fees	1,064,388	568,220
Rent & utilities	110,653	100,526
Travel & entertainment	270,651	175,114
General administration costs	218,490	153,348
	1,664,182	997,208

4. Income Tax

a) Reconciliation between Tax Expense and Accounting Loss Before Income Tax

Accounting loss before income tax	(5,386,481)	(25,762,930)
At the domestic income tax rate of 27.5% (2017: 27.5%)	(1,481,381)	(7,084,806)
Expenditure not allowable for income tax purposes	146,927	6,013,949
Adjustments in respect of deferred income tax of previous years		-
Adjusted for differing tax rates across jurisdictions	(331,406)	(269,816)
Deferred tax assets not previously brought to account		-
Deferred tax assets not brought to account	1,665,860	1,340,673
Income tax benefit attributable to gain	-	-

b) 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	12,113	15,272
Capital allowances	390,986	4,193
Tax losses – revenue (Australia)	285,460	1,853,566
Tax losses – capital (Australia)	-	345,010
Tax losses – (United States)	4,085,722	2,686,721
Deferred tax assets used to offset deferred tax liabilities	-	-
Deferred tax assets not brought to account	(4,774,281)	(4,904,762)
	-	-

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.

a) 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 2018 (2017: nil). The balance of the franking account as at 30 June 2018 is nil (2017: nil).

6. Cash and Cash Equivalents

	2018	2017
	$	$
Cash and cash equivalents	4,947,217	4,910,375
	4,947,217	4,910,375

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

7. Trade and Other Receivables

	2018	2017
	$	$
Trade debtors (i)	108,240	104,004
GST receivable	12,745	14,747
Cash deposit (AMEX credit card)	67,650	-
	188,635	118,751

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

8. Other Assets

	2018	2017
	$	$
Prepaid expenses	12,969	19,080
Loan receivable (i)	128,469	-
	141,438	19,080

(i) Loan receivable refers to a US$100,000 loan advanced to Rimoto Ltd ("Loan") in accordance with a Loan Agreement between Rimoto Ltd and the Company dated 23 October 2017. A subsequent Freeway Reseller Appendix was executed detailing that the Loan is now repayable by way of the Company receiving all of the Partner's share of Eligible Gross Margin as defined in the Freeway Reseller Appendix, & all interest is waived thereunder. Until such time that the Loan is repaid in full, the Loan Agreement & accompanying Security Pledge, dated 23 October 2017 shall remain in force.

9. Other Financial Assets

	2018	2017
	$	$
Lease deposit	9,958	6,514
Available for sale financial assets (i)	-	380,140
	9,958	386,654

(i) The available for sale financial asset investment relates to 903,408 listed shares (2017: 75,284 unlisted shares) in Jayride Group Limited (formerly Jayride Technology Pty Ltd). Jayride, a company that owns proprietary technology for an e-commerce platform to book passenger transport successfully listed on the ASX on 29 January 2018 (ASX: JAY). During FY18, the total 903,408 available for sale listed shares were sold via an off-market transfer for AU$300,000.

10.Trade and Other Payables

	2018	2017
	$	$
Trade creditors (i)	632,453	446,327
Accrued expenses	44,048	71,432
Employee liabilities	108,579	88,941
	785,080	606,700

(i) Trade payables are non-interest bearing.

11.Contributed Equity

(a) Issued Capital

	2018	2017
	$	$
2,609,543,546 (2017: 2,355,643,546) Ordinary Shares	32,521,689	29,089,799
333,333,334 (2017: 333,333,334) Performance Shares (i)	5,024,779	5,024,779
	37,546,468	34,114,578

(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 FY17, with 166,666,666 performance shares being converted to ordinary shares.
Milestone (b) was achieved within 18 months of issue date, with 166,666,666 performance shares being converted to ordinary shares on 6 July 2018.

On 9 July 2018, the Company announced that performance shares associated with milestone (c) had expired in accordance with their terms & conditions.

(b) Movement in Issued Capital during the Past Year

Date	Details	Number of Ordinary Shares	Number of Performance Shares	$
1-Jul-17	Opening Balance	2,355,643,546	333,333,334	34,114,578
1-Dec-17	Issue of ordinary shares to Directors in lieu of director fees as approved at the AGM on 1 November 2017	3,900,000	-	101,400
18-Dec-17	Issue of 250,000,000 Placement Shares at $0.02 each (net of transaction costs)	250,000,000	-	3,330,490
30-Jun-18	Closing Balance	2,609,543,546	333,333,334	37,546,468

(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.

(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

(a) Reserves

	Note	2018	2017
		$	$
Investments available-for-sale reserve	12(c)	-	161,558
Foreign currency translation reserve	12(d)	(292,274)	(288,239)
Share based payment reserve	12(e)	2,349,156	554,604
		2,056,882	427,923

(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.

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

	2018	2017
	$	$
Balance at 1 July	161,558	-
Fair value gain on available-for-sale financial assets	-	161,558
Disposal of available-for-sale financial asset	(161,558)	-
Balance at 30 June	-	161,558

(d) Movements in the Foreign Currency Translation Reserve

	2018	2017
	$	$
Balance at 1 July	(288,239)	(324,702)
Fair value gain on available-for-sale financial assets	(4,035)	36,463
Balance at 30 June	(292,274)	(288,239)

(e) Movements in the Share Based Payment Reserve

Date	Details	Number of Incentive Options	$
01-Jul-17	Balance at 1 July	79,000,000	554,604
22-Sep-18	Incentive Option issue	7,000,000	77,372
18-Dec-18	Broker options issued following Placement	133,333,333	1,372,140
	Further vesting of options on issue	-	345,040
30-Jun-18	Balance at 30 June	219,333,333	2,349,156

01-Jul-16	Balance at 1 July	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	Balance at 30 June	79,000,000	554,604

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

	2018	2017
	$	$
Balance at 1 July	(29,714,341)	(3,951,411)
Net loss for the year attributable to members of the Company	(5,386,841)	(25,762,930)
Balance at 30 June	(35,101,182)	(29,714,341)

14.Statement of Cash Flows

	2018	2017
	$	$
(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations		
Loss for the year	(5,386,841)	(25,762,930)
Adjustment for non-cash income and expense items		
Listing expense	-	21,587,622
(Gain)/Loss on disposal of investment	(81,418)	-
Net foreign exchange (gain)/loss	11,655	45,882
Share based payments	523,813	360,910
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(67,218)	(105,083)
Increase/(decrease) in trade and other payables	179,676	(46,375)
Net cash outflow from operating activities	(4,820,333)	(3,919,974)
(b) Reconciliation of Cash & Cash Equivalents		
Cash at bank and on hand	4,947,217	4,910,375
Short-term deposits	-	-
Balance at 30 June	4,947,217	4,910,375

(c) Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 30 June 2018 or 30 June 2017.

15.Earnings Per Share

	2018	2017
	cents	cents
(a) Basic and Diluted Profit/(Loss) per Share		
From continuing operations	(0.22)	(1.18)
Total basic and diluted loss per share	(0.22)	(1.18)

	2018	2017
	$	$
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	(5,386,841)	(25,762,930)
Earnings used in calculating basic and diluted earnings per share from continuing operations	(5,386,841)	(25,762,930)

	2018	2017
	Number of Ordinary Shares	Number of Ordinary Shares
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	2,491,483,546	2,181,323,695

(a) Non-Dilutive Securities

As at balance date, there were no dilutive earnings per share (2017: nil)

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2018

On 6 July 2018, the Company issued 17,286,763 unlisted options pursuant to its approved Incentive Option Plan.

On 6 July 2018, the Company issued 166,666,666 ordinary shares in the capital of the Company following the achievement of Milestone (b) during the financial year and subsequent conversion of 166,666,666 performance shares.

16.Related Parties

(a) Subsidiaries of Syntonic Limited

Name	Country of Incorporation	% Equity Interest 2018 %	2017 %
Syntonic Wireless, Inc.	United States	100	100
Pacific Ore (UK) Limited	United Kingdom	-	100
Pacific Ore Mining Pty Ltd (i)	Australia	-	100
Syntonic Holdings Pty Ltd (formerly Pacific Ore Holdings Pty Ltd) (i)	Australia	-	100
Pacific Ore (WA) Pty Ltd (i)	Australia	-	100
Pacific Ore Exploration Pty Ltd (i)	Australia	-	100

(i) These entities were all dormant for the full financial year and were deregistered during the period with no impact on the financial report.

(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.

(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
Mr. Rahul Agarwal	Executive Director, President and Chief Technology Officer
Mr. Steven Elfman	Non-Executive Chairman
Mr. Christopher Gabriel	Non-Executive Director
Mr. Nigel Hennessy	Non-Executive Director
Other KMP	
Mr. Benjamin Rotholtz	Chief Marketing Officer *(resigned 11 May 2018)*
Mr. Steven Wood	Joint Company Secretary
Ms. Kate Sainty	Joint Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2017 until the date of this report.

	2018	2017
	$	$
(b) Key Management Personnel Compensation		
Short-term employee benefits	1,365,051	915,561
Post-employment benefits	-	3,918
Share-based payments	142,157	235,346
Total compensation	1,507,208	1,154,825

(c) Loans from Key Management Personnel

Nil loans were provided to or received from KMP during the year ended 30 June 2018 (2017: nil).

(d) Other Transactions

Adroit Business Solutions, a Company of which Mr Rahul Agarwal is a director and beneficial shareholder, was paid US$975,100 for the provision of product development services (2017: US$862,250), based on a monthly retainer due and payable on invoice, with no fixed term. The monthly retainer increased from US$73,500 to US$80,500 effective 1 August 2018, and to US$88,000 effective 1 May 2018 in line with market rates. These amounts have been recognised as expenses in the Consolidated Statement of Profit or Loss and other Comprehensive Income, with any outstanding balances being unsecured and repayable in cash.

No other transactions with KMP of the Group were recognized in the year ended 30 June 2018 (2017: 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).

18. Parent Entity Disclosures

	2018	2017
(a) Financial Position	$	$
Assets		
Current Assets	4,854,233	4,539,864
Non-Current Assets	-	-
Total Assets	4,854,233	4,539,864
Liabilities		
Current Liabilities	50,786	66,791
Total Liabilities	50,786	66,791
Equity		
Contributed Equity	78,202,136	74,770,246
Accumulated Losses	(76,097,843)	(71,381,917)
Reserves	2,699,156	1,084,744
Total Equity	4,803,447	4,473,073
(b) Financial Performance		
Loss for the year	(1,003,096)	(658,849)
Other comprehensive income	(161,558)	161,558
Total comprehensive loss	(1,164,654)	(497,291)

(c) Other

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

Share based payments made during the financial year ended 30 June 2018 are summarized as follows:

a) Recognised share based payment expense:

	2018	2017
	$	$
Expense arising from equity settled share-based payment transactions	523,813	360,910

b) Options in existence during the year:

The Company issued Tranches F & G of options during the financial year ended 30 June 2018 as per below. Options vest on their respective vesting dates with the following conditions:

Tranche	Class of Options	Issue Date	Exercise Price	Expiry Date	Vesting Date	Disposal Restriction
A	25,000,000 broker options	8 Jul 2016	$0.020	8 Jul 2019	Immediately on issue	Subject to escrow until 20 July 2018
B	15,000,000 broker options	24 Nov 2016	$0.060	24 Nov 2019	Immediately on issue	None
C	2,000,000 employee options	7 Apr 2017	$0.040	30 Sep 2019	5 Oct 2017	None
D	2,000,000 employee options	7 Apr 2017	$0.080	30 Sep 2019	5 Oct 2018	None
E	35,000,000 employee options	7 Apr 2017	$0.030	28 Feb 2027	Multiple vesting dates	None
F	7,000,000 employee options	22 Sep 2017	$0.026	22 Sep 2027	Multiple vesting dates	None
G	133,333,333 broker options	18 Dec 2017	$0.030	31 Dec 2020	Immediately on issue	None

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated in the measurement of fair value.

c) Summary of options:

The Company issued Tranches F & G of options during the financial year ended 30 June 2018 as per below. Options vest on their respective vesting dates with the following conditions:

	2018	2017
	No.	No.
Outstanding at the beginning of the year	79,000,000	-
Granted during the year	141,133,333	84,000,000
Exercised during the year	-	-
Expired / cancelled during the year	(800,000)[1]	(5,000,000)
Outstanding at the end of the year	219,333,333	79,000,000

Notes:
1 7,800,000 options were issued in relation to Tranche F, 800,000 of which were subsequently cancelled.

In the absence of third party vendor invoices and any other information providing a more reliable indication of fair value, all options issued during the period were valued using Black-Scholes option pricing models with the following inputs:

Tranche	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected life of Options	Option Exercise Price	Share Price at Grant Date	Fair Value per Option at Grant Date	Total Fair Value at Grant Date
A	-	105%	1.54%	3 years	$0.020	$0.02	$0.02	$375,000
B	-	105%	1.92%	3 years	$0.060	$0.04	$0.02	$315,000
C	-	100%	1.52%	3 years	$0.040	$0.05	$0.04	$78,000
D	-	100%	1.52%	3 years	$0.080	$0.05	$0.03	$64,000
E	-	100%	1.79%	10 years	$0.030	$0.03	$0.03	$938,990
F	-	100%	2.70%	10 years	$0.026	$0.03	$0.03	$185,220
G	-	77%	2.03%	3 years	$0.030	$0.02	$0.01	$1,372,140

d) Shares issued for consideration of services

During the year, fully paid ordinary 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	Expiry Date	Exercise Price	Granted during the Period	Fair Value at Grant Date
1 Nov 2017	N/A	N/A	3,900,000	101,400

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.

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

	2018	2017
	$	$
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	46,500	30,500
- other services in relation to the entity and any other entity in the consolidated group	6,000	-
	52,500	30,500

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 previous 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.

The Company had one major customer where the revenue from that customer exceed 10% of the Company's revenue. The customer generated 100% (2017: 82%) of the Company's revenue. All revenue from external customers were attributable to the USA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Mobile Technology Services		Corporate		Total	
	2018	2017	2018	2017	2018	2017
Segment Income						
Sales & service revenue	1,730,366	846,139	-	-	1,730,366	846,139
Interest received	97	-	38,061	78,274	38,158	78,274
Other income	-	-	81,418	-	81,418	-
Total income	1,730,463	846,139	119,479	78,274	1,849,942	924,413
Segment expenses						
Operating expenses	(6,095,626)	(4,362,599)	(617,344)	(376,212)	(6,712,970)	(4,738,811)
Listing expenses	-	-	-	(21,587,622)	-	(21,587,622)
Share based payment expenses	-	-	(523,813)	(360,910)	(523,813)	(360,910)
Loss before depreciation	(4,365,163)	(3,516,460)	(1,021,678)	(22,246,470)	(5,386,841)	(25,762,930)
Depreciation	-	-	-	-	-	-
Loss before income tax	(4,365,163)	(3,516,460)	(1,021,678)	(22,246,470)	(5,386,841)	(25,762,930)
Segment assets and liabilities						
Cash	234,198	385,258	4,713,019	4,525,117	4,947,217	4,910,375
Other receivables/assets	188,859	123,084	141,215	14,747	330,073	137,831
Other financial assets	9,958	6,513	-	380,141	9,958	386,654
Trade and other creditors	(734,295)	(539,908)	(50,786)	(66,792)	(785,080)	(606,700)
Provisions	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Net assets	(301,280)	(25,053)	4,803,448	4,853,213	4,502,168	4,828,160

23.Financial Risk and Management Objectives & 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 & 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:

	2018	2017
	$	$
Cash and cash equivalents	4,947,217	4,910,375
Trade and other current assets	330,073	137,831
Other financial assets	9,958	6,514
	5,287,248	5,048,206

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.

2018 Group	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Assets					
Cash and cash equivalents	4,947,217	-	-	-	4,947,217
Trade and other receivables	201,604	128,469	9,958	-	340,031
	5,148,821	128,469	9,958	-	5,287,248
Financial Liabilities					
Trade and other payables	(785,080)	-	-	-	(785,080)
	(785,080)	-	-	-	(785,080)

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	-	5,434,860
Financial Liabilities					
Trade and other payables	(606,700)	-	-	-	(606,700)
	(606,700)	-	-	-	(606,700)

(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:

	2018	2017
	$	$
Interest bearing financial instruments		
Cash and cash equivalents	4,947,217	4,910,375
Loan owing to other entities	-	-
	4,947,375	4,910,375

The Group's cash at bank, short term deposits and interest bearing liabilities had a weighted average interest rate at year end of 0.5% (2017: 1.6%).

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 or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017.

	Profit or Loss		Other Comprehensive Income	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
2018 Group				
Cash and cash equivalents	49,472	(49,472)	49,472	(49,472)
	49,472	(49,472)	49,472	(49,472)
2017 Group				
Cash and cash equivalents	49,104	(49,104)	49,104	(49,104)
	49,104	(49,104)	49,104	(49,104)

(e) Equity Price Risk

The group is not exposed to any equity price risk as at 30 June 2018. In the prior year, the Group was exposed to equity price risk arising from its equity investments. Equity investments were 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 was classified as available-for-sale and is carried at fair value. The Directors determined the fair value of the shares to be $380,140 as at 30 June 2017 based on the most recent arm's length placement price of its shares. During the year ended 30 June 2018, the equity investment was disposed for a total of $300,000 with any gain/(loss) being recorded in the Statement of Profit or Loss and Other Comprehensive Income. At the time of disposal, the investment was a Level 1 instrument in the fair value hierarchy.

(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:

	2018	2017
	US $	US $
Cash and cash equivalents	173,096	296,340
Trade and other receivables	146,945	99,687
Loan with third party	100,000	-
Trade and other payables	(542,717)	(415,298)
	(122,676)	(19,271)

Foreign Currency sensitivity

Based on the financial instruments held at 30 June 2018, 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 $43,304 higher/$43,304 lower (2016: $1,927 higher/$1,927 lower), the effect on equity would have been $43,304 higher/$43,304 lower (2016: $343,409 higher/$343,409).

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 $116,365 being the lease at its premises in the U.S., with $19,771 payable in the following 12 months to the date of expiry being 31 August 2019.

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

6 July 2018	Conversion of 166,666,666 Performance Shares into Ordinary Shares in the capital of the Company following achievement of Milestone 2, and the issue of 17,286,763 unlisted options to employees and advisors of the Company pursuant to the Company's employee incentive stock option plan.
9 July 2018	The lapse of 166,666,668 Performance Shares following Milestone 3 not being achieved by their expiry date.
20 August 2018	Syntonic announced the acquisition of the assets of the mobile commerce (or "value-added-services") business unit of Zenvia Mobile Servicos Digitais (Zenvia), a leading Brazilian Application-to-Person service provider. The assets acquired include Zenvia's Mobile Commerce Platform, assignment of all active mobile carrier and content provider agreement, and the transfer of key employees to support the business operations. Consideration includes a cash payment of US$700,000 and a vendor earn-out of 20% of the first US$21.5m of contribution margin over 3.5 years. All acquired assets and operations will be transferred and/or assigned to Syntonic Brazil, a newly incorporated Syntonic subsidiary.
30 August 2018	Syntonic announced the execution of service agreement with Vodacom Group Limited to enable Vodacom to deploy a sponsored data advertising business using the Company's Freeway platform services.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

SYNTONIC

DIRECTOR'S 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 2018 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(c) 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 2018.

On behalf of the Board

GARY GREENBAUM
Managing Director & CEO

31 August 2018

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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2018 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to note 1 (d) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have determined that there are no key audit matters to communicate in our report, other than the matter described in the Material uncertainty related to going concern section above.

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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.

HLB Mann Judd

- 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.

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 2018.

In our opinion, the remuneration report of Syntonic Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
31 August 2018

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 2018, 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 2018, 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 Financial 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 29 August 2018, the names of the twenty largest shareholders are listed below:

Name	No. of Ordinary Shares	% of Ordinary Shares
LINDFIELD NOMINEE SERVICES PTY LTD <GARY GREENBAUM A/C>	540,407,554	19.47
LINDFIELD NOMINEE SERVICES PTY LTD <RAHUL AGARWAL A/C>	540,407,554	19.47
MR GAVIN JEREMY DUNHILL	76,141,044	2.74
CITICORP NOMINEES PTY LIMITED	61,657,892	2.22
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	48,839,023	1.76
ARREDO PTY LTD	40,000,000	1.44
MR PENG ZHANG	32,000,070	1.15
CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	30,000,000	1.08
MR ZHE PU	24,600,000	0.89
MR DAVID LEE	23,115,301	0.83
PETO PTY LTD <THE 1953 SUPER FUND A/C>	20,000,000	0.72
MR JOHN CHARLES VASSALLO + MR SEAN JAMES VASSALLO <VASSALLO FAMILY S/F A/C>	16,793,789	0.60
MR LAXMI C GUPTA	16,646,617	0.60
MR DEEPAK MITTAL	16,646,617	0.60
PROPEL HOLDINGS PTY LTD	15,860,000	0.57
MR MING TAN	15,500,000	0.56
MR ALAN SCOTT DOWNIE	15,000,000	0.54
MR NAUVNEEL SHIVM KASHYAP	14,000,000	0.50
J P MORGAN NOMINEES AUSTRALIA LIMITED	13,882,909	0.50
MR DAVID GARRY <GARY GREENBAUM A/C>	12,120,507	0.44
MR DAVID GARRY <RAHUL AGARWAL A/C>	12,120,507	0.44
Total Top 20 Holders of Ordinary Fully Paid Shares	1,585,739,384	57.12
Total Remaining Holders Balance	1,190,470,828	42.88
TOTAL	2,776,210,212	100.00

ASX ADDITIONAL INFORMATION

2. DISTRIBUTION OF EQUITY SECURITIES

As at 29 August 2018, an analysis of numbers of holders by size of holdings is listed below:

Distribution	No. of Shareholders	No. of Ordinary Shares
1 – 1,000	112	18,870
1,001 – 5,000	37	120,465
5,001 – 10,000	71	590,799
10,001 – 100,000	1,068	54,029,040
More than 100,000	1,342	2,721,451,038
Totals	2,630	2,776,210,212

As at 29 August 2018, there were 782 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

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

4. SUBSTANTIAL SHAREHOLDERS

As at 29 August 2018, substantial shareholder notices have been received from the following:

Substantial Shareholder	No. of Shares
LINDFIELD NOMINEE SERVICES PTY LTD <GARY GREENBAUM>	540,407,554
LINDFIELD NOMINEE SERVICES PTY LTD <RAHUL AGARWAL>	540,407,554

5. ON-MARKET BUY BACK

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

6. RESTRICTED SECURITIES

As at 29 August 2018, the Company has 3,900,000 ordinary fully paid shares subject to a holding lock until the earlier of an issue of a cleansing statement or 12 months from date of issue (1 December 2018).

ASX ADDITIONAL INFORMATION

7. UNQUOTED EQUITY SECURITIES

As at 29 August 2018, 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	ULO $0.026 22/09/27	ULO $0.03 31/12/20	ULO $0.014 06/07/28
Celtic Capital Pty Ltd	8,750,000	5,250,000	-	-	-	-	36,450,167	-
Propel Holding Pty Ltd	7,500,000	-	-	-	-	-	10,079,167	-
LSAF Holdings Pty Ltd	5,000,000	-	-	-	-	-	-	-
Armada Capital & Equities Pty Ltd	-	6,900,000	-	-	-	-	20,158,333	-
Employees under approved Incentive Option Plan	-	-	2,000,000	2,000,000	21,666,667	7,000,000	-	17,286,763
Total number of holders	4	2	1	1	2	1	43	2
Total holdings over 20%	21,250,000	12,150,000	2,000,000	2,000,000	21,666,667	7,000,000	36,450,167	17,286,763
Other holders	1	2	-	-	-	-	42	-
Total	25,000,000	15,000,000	2,000,000	2,000,000	21,666,667	7,000,000	96,883,166	17,286,763

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 2018 in a way that is consistent with is business objectives and strategy.

SYNTONIC

Unleashing the Value of Mobile Data

Australia

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USA

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