BAILADOR

2018 Annual Report

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
(ASX:BTI)

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Providing access to
a portfolio of quality,
high growth companies
in the technology sector.

Corporate Summary

The Company

Bailador Technology Investments Limited (ACN 601 048 275) is a listed investment company and its shares are listed on the Australian Securities Exchange (ASX:BTI).

Risk

The company invests in expansion stage internet-related businesses. The value of the shares and the income derived may fall or rise depending on a range of factors. Refer to Note 17 of the Financial Report for further information.

Objective

Bailador invests in internet-related businesses in Australia and New Zealand that require growth capital. In particular, Bailador focuses on software, internet, mobile data and online market-places with proven revenue generation and management capability, demonstrated business models and expansion opportunities.

Capital Structure

The Company's capital structure comprises 120,247,831 Ordinary Shares which trade on the Australian Securities Exchange (ASX:BTI).

Financial KPIs	30-Jun-18	30-Jun-17
Share Price	0.74	0.90
Earnings per share (cents)	3.04	(4.44)
Total Assets ($000)	147,963	136,496
NAV $ per share (pre-tax)	1.110	1.067
NAV $ per share (post-tax)	1.065	1.035

Investment Manager

The Company has outsourced its investment management function to Bailador Investment Management Pty Ltd (A.C.N. 143 060 511)(AFSL 400811). The Manager is a Sydney based privately owned investment manager which commenced trading in 2010.

Management Agreement

The Company has an agreement with Bailador Investment Management Pty Ltd for the provision of management services, the details of which are contained in Note 5 of the Financial Report.

Board of Directors

David Kirk

Chairman and Executive Director

David (appointed 2014) has been chief executive of two ASX-listed companies, including diversified media company, Fairfax Media Limited, where he led a number of successful internet sector investments. David is currently Chairman of ASX-listed companies, Trade Me Group Limited and Kathmandu Holdings Limited and is Chairman of Forsyth Barr Limited, a privately owned investment firm and the Sydney Festival. David holds several BTI portfolio directorships as Chairman of Rezdy and SMI and a director each of DocsCorp and Viostream.

David is a Rhodes Scholar with degrees in Medicine from Otago University and Philosophy, Politics and Economics from Oxford University. David enjoyed a highly successful rugby career, captaining the All Blacks to win the World Cup in 1987. He was awarded an MBE in 1987.

David holds 8,387,841 ordinary shares in BTI and an indirect interest in a further 773,887 ordinary shares.

David is a Director and shareholder of Bailador Investment Management Pty Ltd which holds a contract with Bailador Technology Investments Limited to act as Manager. Further details pertaining to this agreement can be found in Note 5 of the Financial Report.

Paul Wilson

Executive Director

Paul (appointed 2014) has had extensive private equity investment experience as a previous director of CHAMP Private Equity in Sydney and New York and with MetLife in London. Paul was also previously Executive Director at media focused investment group, Illyria Pty Ltd. Paul is a Director of Bailador investee companies SiteMinder, Straker Translations and Stackla. Paul is also a director of ASX-listed Vita Group Limited along with Yellow Pages (New Zealand) and the Rajasthan Royals IPL cricket franchise.

Paul holds a Bachelor of Business, Banking and Finance from QUT and is a Fellow of FINSIA. He is a member of the Institute of Chartered Accountants and of the Australian Institute of Company Directors.

Paul holds 3,201,513 ordinary shares in BTI and has an indirect interest in a further 410,423 ordinary shares.

Paul is a Director and shareholder of Bailador Investment Management Pty Ltd which holds a contract with Bailador Technology Investments Limited to act as Manager. Further details pertaining to this agreement can be found in Note 5 of the Financial Report.

Andrew Bullock

Independent Non-Executive Director

Andrew (appointed 2014) is a Managing Director at Adamantem Capital, a private equity firm based in Sydney. Prior to joining Adamantem, Andrew was for many years the head of the corporate advisory and private equity practice of Gilbert + Tobin, one of Australia's leading law firms. He was also previously a partner of Minter Ellison and spent three years in the London office of Freshfields Bruckhaus Deringer.

Andrew has a Bachelor of Arts from Sydney University and a Bachelor of Laws from the University of New South Wales.

Andrew is the Chair of Bailador's Nomination and Remuneration Committee.

Andrew holds interest in 410,422 ordinary shares in BTI.

Heith Mackay-Cruise

Independent Non-Executive Director

Heith (appointed 2014) is the independent Chairman of hipages Group, Literacy Planet, ACG Education in New Zealand and the Vision Australia Foundation. Heith is also a member of the Adara Partners Advisory Board.

Heith has a Bachelor of Economics from the University of New England and is a Fellow of the Australian Institute of Company Directors.

Heith holds interest in 502,592 ordinary shares in BTI.

Sankar Narayan

Independent Non-Executive Director

Sankar (appointed 2014) is currently the Chief Operating and Financial Officer of ASX listed company, Xero and an independent non-executive director of global air transport company SITA. He has previously been CFO at Virgin Australia Holdings Limited, Fairfax Media and Foxtel.

Sankar has an MBA from the University of Chicago Booth School of Business and is an FCPA (Australia). He also holds a masters degree in electrical engineering from the State University of New York.

Sankar is the Chair of Bailador's Audit and Risk Committee.

Sankar holds 200,000 ordinary shares in BTI.

Letter from the Founders

Dear fellow shareholders,

Time Horizons

As investors of expansion capital for technology companies, we aim to hold investments for a period of time sufficient for there to be substantial value improvement.

We believe the performance of an investment in a concentrated portfolio of private information technology companies at the expansion stage should be assessed over the medium to long term, and cannot be meaningfully assessed on an annual basis. The shortest period meaningful conclusions can be drawn on the performance of a fund such as Bailador Technology Investments (Bailador) is 5 years, and 10 years is better still. This view is shared by investors and fund managers in private venture capital and private equity funds. These private funds run for 10 or more years and performance is assessed on the final return after the fund has sold all its assets and is closed.

Bailador is a publicly listed fund and therefore reports annually according to the ASX listing requirements. We have no complaints about this, believing the rigorous reporting requirements of a publicly listed company to be good for investors, and to provide a strong endorsement of the good governance practises we follow and believe all companies managing other people's money should also follow.

However, annual reporting for public companies, "the season", causes an unhealthy focus on short term performance and on performance squeezed into a particular 12-month period ending on 30 June each year.

Further, we publish NTA Statements on a monthly basis. This exceedingly short-term measure of performance does help us all to understand that the growth in value of our investee companies happens incrementally but is only recognised in our accounts occasionally. We go long periods without adjusting the value of portfolio companies and then, when appropriate, we recognise the value accumulated over a fairly lengthy period of time.

Valuations and the Incentives

The catalyst for a valuation adjustment in a portfolio investment we continue to hold is one of:

- a third-party investment,
- a partial sale of our investment, or
- the passing of 12 months.

The first two of these valuation methods involve the payment of cash in an arms-length transaction, almost invariably by highly sophisticated investors. Few would argue with a market value set in this fashion.

Third party investment has been by far the most common method of valuation adjustment in the portfolio. Since we listed, 7 of the 10 companies in the portfolio have had their valuations adjusted following independent third-party investment. And in *every case* the valuation adjustment has been at or above our carrying value. In every case independent third-party investors have put the same or higher value on our portfolio company than the value we were holding it at. We often say we hold our companies at conservative valuations. Experience shows this is the case.

The third valuation method, a reset after 12 months by reference to comparable public company trading multiples, relevant transaction multiples (with the control premium stripped out) and observed valuations achieved by comparable companies when they raise funds, is less satisfactory. Rather than rely on the hard evidence of a cash transaction, this method requires judgement. It is our view that the quality of judgement delivered in these circumstances is related to the incentives faced by the judges.

There are four different parties involved in valuing Bailador portfolio investments. These are the Manager (a company owned by Paul and David); BDO, the board's Independent Valuation Expert; Hall Chadwick, the Auditor of the company and the Independent Directors of Bailador.

The people who have the most to gain financially in the *short term* from higher than justified valuations are the managers of the fund as higher fees are paid on higher valuations. However, the people who have the most to lose in the *long term* from higher than justified valuations are also the managers of the fund, because valuation chickens always come home to roost. Given we have a lot of our own money invested in Bailador shares, which we have no intention of selling, it doesn't make any sense for us to prefer anything but accurate and if anything, conservative valuations.

Call us mean, but we don't pay our Independent Valuation Experts, our Auditors or our Independent Directors anywhere near enough for them to conclude it would be a financial tragedy to lose Bailador as a client or an employer.

The most powerful incentive for all of the parties involved in the valuation of Bailador portfolio investments is reputation. Our valuations are carried out by judges for whom the reputational damage which will accrue, sooner or later, from valuing our investments too high *far* exceeds any financial benefit they can achieve from doing so.

Major Risks

At the highest level, there are two major risks you should be concerned about in what we do on your behalf. They are:

1. Buying into the wrong business, and
2. Selling out of a good business at the wrong time.

Most of what we do at Bailador is to work with our portfolio companies to help them grow their customers, revenue and profitability. Amongst other things, we help our companies find the right people, set up new systems, improve sales and marketing capability, expand offshore and raise more capital. This goes on for years, and we have no doubt we add a great deal of value to our companies in doing this, but all of this pales into insignificance compared to the value we lose, or leave on the table, by investing in a bad business or selling our position in a good business too early.

We feel good about our allocation of capital to our ten current investments. Five investments have been written up in the year (and one increased further after year end), one investment is too new to see a change and three were held stable. This year we have written down *Viostream* quite aggressively because of slower growth and a consequent lower valuation multiple. We think *Viostream* can grow from here and we will continue to work closely with the business to do that. We have a great management team working hard to get a good result for us all. Greatly to the credit of the whole *Viostream* team, The Australian Business Awards awarded *Viostream* an Employer of Choice Award in their 2018 annual awards.

We have only sold one small piece of one investment. We sold a $5 million stake in *SiteMinder* back in late 2015 and this was at a 45% uplift on our carrying value at the time. Our current investment is held at $55.9 million so we continue to have plenty of exposure to this excellent company.

We know that realisations are important for demonstrating the value of our companies and that some shareholders, we think a fairly small minority by value, will welcome a dividend payment associated with the sale of all or part of a portfolio company. We also believe that a realisation is likely to be a catalyst for the closing of the share price gap to NTA. But we will not sell early simply to achieve these ends. Our job is to manage your investment over an extended period of time and to take advantage of the compounding of value that occurs in ever bigger licks as a company grows.

The graph below shows the growth in revenue over a 10-year period of a company with starting revenue of $5 million growing at 32% per year. The choice of these numbers is not random. $5 million is a typical revenue at the time of investment for the companies Bailador invests in and 32% annual revenue growth is the actual revenue growth rate of the Bailador portfolio in FY 2018.

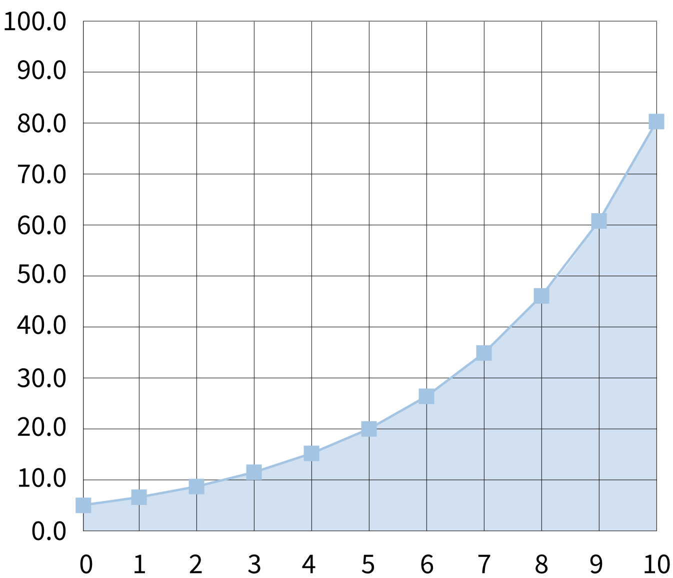
If we assume the amount invested is also $5 million (a typical initial amount for Bailador to invest in a company) and there is no change in the valuation multiple applied as the company grows (which is conservative as multiples typically expand as companies grow and prove they are expanding into a big market opportunity), then the graph below also charts the growth in the value of the investment of $5 million.

At the end of three years, the $5 million investment has grown to $11.5 million, providing a 2.3x return on investment, after five years the investment is worth $20 million, and the return is 4x the initial investment and after 10 years the investment is worth $80.3 million and the return is 16.1x the initial investment. In the first 5 years after investment $15 million of value is created for the investors of the initial $5 million and in the next 5 years, years 5 to 10 after investment, $60.3 million of value is created for the investors of the initial $5 million. As you can see four times the amount of value is created in years 5-10 than is created in years 1-5.

We hope this little example makes it clear that if we have investments we think will continue to grow strongly in value it makes sense for us to hold them for longer on your behalf.

There is one way in which we can, to an extent, eat our cake and have it. When we list companies from the portfolio – typically on the ASX – we will not typically sell down more than a minority of our holding. We do not foresee ourselves listing companies to exit them, rather listing them to reveal value and to continue the funding journey for the company.

Compounding Revenue and Value Growth



Short Term Measure of Performance

Notwithstanding the limited value we see in assessing the investment performance of Bailador on an annual basis, we appreciate that shareholders will be interested in understanding the best estimate of annual performance we have. We believe this is pre-tax, post fees, return on opening net assets. We propose the calculation should be before tax because in some years tax losses will be available to be offset against earnings and in others not. In 2018 we delivered a 4.1% return on opening net assets, after all fees and costs, before tax.

The End of the Establishment Phase

The 2018 financial year marks the end of the third full year of operations of Bailador Technology Investments and, we believe, the end of the first phase of establishing a successful listed fund investing in private expansion stage information technology companies. It may be useful to summarise what we have achieved. We have:

- Grown funds under management from $62 million to $134 million
- Increased our portfolio from 3 companies to 10 companies, after 1 written off
- Increased our investment team from two to six, including one now stationed in New York
- Grown our shareholders from 33 to 1,350
- Implemented first class public company governance and disclosure processes
- Developed and implemented first class growth stage technology company assessment and investment management capabilities

The list above chronicles good progress across a wide front and as we look back on the three and half years, we are confident we have established the foundations for future strong investment performance.

Building a portfolio was important to us and to investors and we have done that. Understanding the best internet and IT business and revenue models was important and we are confirmed in our commitment to software-as-a-service and marketplace models. Giving the portfolio time to shake out has been important. It is a truism that your worst investments crystallise first and that is what has happened to us, iPRO has gone and Viostream has been aggressively written down to have upside from where it is now. Our investment team is seasoned and performing very well, as is our back office. We have established a US presence which is proving very helpful in fundraising for portfolio companies and will, we believe, be similarly valuable for 'whole of company' exits to US buyers.

The Next Phase

The next phase for all of us at Bailador and for investors is a phase of consistent investment value growth, increasing numbers of partial and full sales of investee companies, management of some public company positions resulting from partial sales when we list companies, additional investments to maintain the number of portfolio companies at around 10 to 12 and continued development of our networks and activity in Australia and New Zealand and further afield, in particular the US, now that we have an established Bailador presence there.

In the short term, the board of Straker Translations has publicly communicated they are targeting an ASX listing in FY 2019 and we are working closely with them on that. Straker Translations has executed very well over the last year and has an established and repeatable growth strategy, including organic growth and growth by acquisition. We have high expectations of continuing strong performance.

Finally, we thank all our shareholders who have supported us this year. We feel very good about the quality of our portfolio of investments and the values at which they are held. We believe FY 2019 will be a successful year with strong portfolio growth and one or more realisations.

We look forward to seeing those that are able to make it at our AGM at 11am on 23 October at Level 40, 2 Park Street, Sydney.

David Kirk
Chairman and Executive Director

Paul Wilson
Executive Director

Operating and Financial Review

Principal Activities

Bailador Technology Investments Limited (BTI) invests in information technology businesses in Australia and New Zealand that are seeking growth capital. The target businesses typically have an enterprise valuation between $10 million and $200 million. In particular, the Company focuses on software, internet, mobile, data and online market-places businesses with proven revenue generation and management capability, demonstrated successful business models and expansion opportunities.

There have been no significant changes in the nature of the Company's principal activities during the financial year.

Our Business Model and Objectives

Providing satisfactory returns to shareholders is our primary objective. Our success in achieving this objective is determined by total shareholder return (TSR) over time. The TSR we deliver will, over time, be directly related to the return on invested capital we achieve.

Our business model is to identify, buy and hold investments in a number of private internet-related businesses with strong growth prospects. Returns to shareholders will be delivered by growth in the value of investments held and through potential distributions to shareholders following the sale of investments. Following sales, we will continue to make new investments to maintain a portfolio of investments.

Investments made by BTI are typically structured to provide a level of contractual protection superior to that available to investors in ordinary shares, thereby reducing risk. Thorough due diligence is carried out before investments are made and BTI representation on most portfolio company boards ensures BTI's close involvement with operational decisions.

BTI continues to assess a strong pipeline of potential investments, and will continue to make investments as attractive opportunities arise.

The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position.

Operating Results

The profit of the Company for the financial year ended 30 June 2018 amounted to a profit of $3,653,669 (2017 $4,965,000 loss), after providing for income tax.

Combined revenue growth of the underlying portfolio companies (portfolio weighted) for the financial year ended 30 June 2018 was 32%. Further information on individual investee company growth can be found in the portfolio operating reports.

The underlying investment performance of the Bailador portfolio, measured as the increase in the NTA between 1 July 2017 and 30 June 2018 (pre-tax, after all fees), was an increase of 4.1% pa over the year. Five of the companies in the portfolio have had positive revaluations in the year, with one revaluation down.

Review of Operations

New Investments

Brosa

In October 2017, BTI made a $3m investment in Brosa. Brosa is BTI's first online retail investment and has made progress in the short time since the investment.

Follow-on Investments

Viostream

Throughout the first half of FY2018 BTI invested a further $1.6m in Viostream. In December 2018 BTI then also bought out Viostream's minority shareholders at a cost of $1m. The follow-on investments have resulted in a much cleaner shareholder register, which has Viostream better positioned to negotiate future M&A activity.

Revaluations

The following investments were re-valued upwards during the year to a new market value set by third party investment:

- Straker Translactions : increased by 28% ($2.5m) in October 2017 in line with a pre-IPO funding round
- Lendi : increased by 32% ($2.3m) in December 2017 following a successful third party capital raising

The following investments were revalued under BTI's revaluation policy, including independent review, by reference to comparable trading and transaction multiples, following strong performance and no third party transactions for twelve months.

- SiteMinder : increased by 38% ($15.4m) in June 2018
- Instaclustr : increased by 106% ($4.8m) in December 2017, twelve months after BTI's initial investment
- DocsCorp : increased by 23% ($1.7m) in June 2018

Review of Operations (continued)

Impairments

Viostream

In December 2017 BTI wrote down its investment in Viostream by $6.8m. BTI took a further write down of $11.5m in June 2018. Viostream is cash flow positive and is looking to take new products to market in the coming year. It continues to win new enterprise sales deals. Revenue however, has not met expectations this year, and this is reflected in its lower valuation.

Valuation of Investments

The Directors have reviewed the value of the investment portfolio and the net tangible assets of BTI as at 30 June 2018. In conducting their valuation review, the Directors have had regard to the BTI investment portfolio Valuation Review Report prepared by BDO Corporate Finance (Qld) Ltd.

Information regarding the valuation of the investment portfolio is set out in Note 18 of the financial statements and in the section below "Operating Reports on Portfolio Companies".

Investments are currently held at cost (plus accrued interest where applicable), the valuation implied by the latest third party investment or at a price determined by globally benchmarked revenue multiples and trading performance.

Operating Reports on Portfolio Companies

SiteMinder

SiteMinder

SiteMinder is the world leader in hotel channel management and distribution solutions for online accommodation bookings, seamlessly connecting to more than 580 distribution partners, including leading Online Travel Agents (OTAs) such as Booking.com, Expedia, TripAdvisor, Google and C-Trip. Established in 2006, SiteMinder has developed a suite of products used by accommodation providers in over 160 countries to help increase online revenue, streamline business processes and drive down the cost of acquisition of bookings. SiteMinder facilitates transactions in the fast growing market of online accommodation booking.

SiteMinder is a software-as-a-service (SaaS) business, licencing all products on its software platform on a monthly basis to over 30,000 customers worldwide, making it the largest hotel channel management and distribution solution in the world. It operates a subscription business model with greater than 90% of revenue being recurring in nature.

The company's flagship product is The Channel Manager, an online distribution platform. The Siteminder Platform also includes The Booking Button (a booking engine enabling direct hotel bookings via the web), Canvas (an intelligent website creator for hoteliers), Business Intelligence (a real-time rate intelligence tool) and GDS by SiteMinder (a single point of entry to a network of travel agents and the world's leading global distribution systems). SiteMinder's Little Hotelier product also offers a Property Management System (PMS) for boutique hotels.

> "SiteMinder continued to deliver strong top line revenue growth at very attractive gross margins."

The business continues to invest in multiple products as part of its platform offering. This includes the recent launch of Siteminder Pay (a payments solution that enables monetisation of transaction value processed by the Little Hotelier product) and Siteminder Exchange (a marketplace enabling data exchange between PMS's and other hotel applications). Through additional strategic partnerships secured

Review of Operations (continued)

during the year, SiteMinder continues to enhance the available channels for hotels to distribute inventory. The business was first to market with the announcement of a high profile distribution partnership with Airbnb in February 2018.

In the year to 30 June 2018, Siteminder continued to deliver strong top line revenue growth at very attractive gross margins. The company broadened its senior management team through the recruitment of a Chief Product Officer, and a Global Head of Customer Success. The company employs 595 people across its six offices in Sydney (global headquarters), Dallas, Galway, London, Bangkok and Cape Town.

BTI increased the valuation of its investment in SiteMinder by 38% to $55.9m in June 2018, reflecting its continued strong performance.

Valuation 30 June 2018:	$55.9m
Valuation at 30 June 2017:	$40.5m
Investment since 30 June 2017:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Stackla

Stackla is a content discovery platform that is focused on User Generated Content (UGC) and Digital Asset Management (DAM) enabling brands to feature UGC throughout their marketing stack and content strategy. UGC is aggregated from over 30 data sources such as Facebook, Twitter, Instagram, YouTube, Wordpress and Twitch. Stackla leverages predictive intelligence and automation to identify authentic and compelling content for each of a brand's consumer segments, delivering personalised experiences at scale.

The use of UGC in a brand's marketing strategy has two core benefits: (1) it provides a source of trusted third-party validation, increasing customer conversion to sale through greater authenticity, and (2) it reduces the cost to the company of content creation.

Stackla offers customisable displays, plugins for a brand's marketing tech stack, and a suite of APIs for developing deep integrations and custom activations. The platform also offers brands the tools required to obtain 'rights for use' from the content creator.

Established in 2012, Stackla is trusted by more than 350 brands across travel & hospitality, consumer goods, retail, sport and not-for-profit sectors. Stackla is designed to meet the needs of enterprise-level organisations including Ford, Sony, Disney and McDonalds.

The business model is software-as-a-service (SaaS), licensing its platform to customers on an annual basis. Over 90% of Stackla's revenue is recurring in nature and 60% of the company's revenue is generated outside of APAC.

Stackla employs ~60 FTEs across its offices in Sydney, San Francisco (headquarters), New York, Austin and London.

Following on from the successful launch of 'Co-Pilot' (the company's machine learning and visual recognition product) in late FY17, Stackla launched the Stackla Digital Asset Manager (DAM) in January 2018. The strategic importance of the Stackla DAM is to offer brands a repository of rights-management UGC that can be accessed retrospectively and by multiple departments within the customer's business.

Valuation 30 June 2018:	$12.6m
Valuation 30 June 2017:	$12.6m
Investment since 30 June 2017:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Review of Operations (continued)

Straker Translations

Straker Translations (Straker) is a 24/7 cloud-enabled translation platform that services more than 8,000 customers across 20 countries, ranging from small businesses to multi-national enterprises. Straker's proprietary technology and platform allow it to achieve industry leading gross margins.

Straker's growth plans are built on four key areas including online marketing, corporate sales, API Partnerships, and seeking out appropriate M&A opportunities.

Straker has achieved considerable progress on each of these areas over the last twelve months, and grew revenue by 44% for its financial year ending March 2018.

In July 2018 the company continued its acquisition strategy acquiring 20-person Spanish translation company, Sociedad Management System Solutions and German translation company, Eule. Having completed two previous acquisitions, the business has proven out the compelling economics of its acquisition strategy. There continues to be a healthy pipeline of acquisition opportunities for Straker, which will be a focus for the business in FY2019.

The Straker API strategy is now generating revenue and the business has put in place a dedicated API sales team that are converting sales leads generated as a result of Straker's WordPress and Magento API plugins. The Straker API plugin is now available in the Magento marketplace.

The business added to its senior sales team in each key region (Europe, North America and Asia) to drive Straker's corporate sales strategy. This is generating a high-quality revenue pipeline and solid base of repeating revenue. This senior sales team is succeeding in expanding the accounts of customers acquired via acquisition off the back of Straker's superior technology.

In November 2017 Straker completed a pre-IPO founding round to further its acquisition strategy. After completing its pre-IPO funding round Straker commenced proceedings to list on the ASX and has appointed legal, accounting and capital market advisors to prepare for a potential ASX listing.

The strategic prospects for Straker are increasingly strong as they continue to scale-up their translation platform in the growing US$43.0bn language services market.

BTI increased the valuation of its investment in Straker Translations by 28% to $11.2m in October 2017, based on a third party investment round.

Valuation 30 June 2018:	$11.2m
Valuation 30 June 2017:	$8.7m
Investment since 30 June 2017:	$0m
Basis for valuation:	Recent third party investment
Securities held:	Convertible preference shares

Your home for home loans

Lendi

Lendi is a disruptive Fintech business that has developed an end-to-end online mortgage platform that fundamentally improves and simplifies the process of obtaining a home loan. Lendi is tackling the $383bn and highly profitable mortgage market that is currently dominated by the slow-moving “big four” banks.

Lendi's online platform searches through 1,600 different home loans from 37 lenders to match prospective borrowers with the right home loan. Lendi's platform utilises technology to power this home loan search process and then streamline the home loan application process.

During FY2018 the company continued to scale-up its operations and the business now has over 250 team members operating from offices in Sydney, Melbourne and Brisbane. A substantial component of the team's growth has been front line sales staff.

In FY2017 the company launched a joint venture with Domain called Domain Loan Finder that combines Domain's property audience with Lendi's industry leading mortgage platform. The Domain joint venture continues to perform well and there is strong potential for this to grow considerably.

BTI is pleased with the progress that the Lendi team continue to make. The company has now settled over $5bn in home loans and delivered market leading revenue growth rates in FY2018.

BTI increased the valuation of its investment in Lendi by 32% to $9.5m in December 2017 based on a 3rd party investment round.

Valuation 30 June 2018:	$9.5m
Valuation 30 June 2017:	$7.2m
Investment since 30 June 2017:	$0m
Basis for valuation:	Recent third party investment
Securities held:	Ordinary shares

Review of Operations (continued)

Instaclustr

Instaclustr is a global platform that manages the most powerful open source technologies empowering customers to deliver big data applications at scale. The company addresses a multi-billion dollar fast growing industry underpinned by the growing adoption of open source technologies and strong growth in Big Data Analytics investment.

Instaclustr enables companies to focus their in-house development resources on building proprietary software applications, whilst it manages complex database, analytics, search and messaging applications that are critical to success. Instaclustr also enables companies to de-risk their investment in open-source based technology, knowing that the back-end of their application infrastructure meets stringent SLAs and is secure, scalable and reliable.

Established in 2013, Instaclustr is trusted by global industry leaders and counts Atlassian, Sonos, Blackberry, Campaign Monitor and Adstage amongst its customers. The revenue model is highly recurring, with customers on either annual contracts (very similar to a Software-as-a-Service business model) or paying monthly amounts that vary slightly with usage. Revenue is extremely sticky with 80%+ of total revenue classified as recurring. Instaclustr has demonstrated excellent operational performance over the twelve months ending 30 June 2018, with revenue growth in excess of 100% YoY and significant improvement in core margins as the business scales.

The company employs 60+ full-time staff across its two offices: its headquarters in Palo Alto, California, and its founding office in Canberra, Australia.

BTI increased the valuation of its investment in Instaclustr by 106% in December 2017 based on very strong performance since investment twelve months earlier.

Valuation 30 June 2018:	$9.3m
Valuation 30 June 2017:	$4.5m
Investment since 30 June 2017:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

DocsCorp

DocsCorp provides on-premise and cloud-based document productivity software for law firms, accounting firms and document management professionals via a suite of four different products. The company operates within the Enterprise Content Management (ECM) market. BTI invested in DocsCorp in July 2016.

During FY2018 the company made a number of key executive hires to set the business up for continued revenue growth and the execution of its product partnership strategy. A global head of commercial was appointed to drive global revenue growth while a senior sales executive is now responsible for leading the company's partnership strategy efforts.

From a product development perspective, DocsCorp is expanding out its cloud functionality across its product set given increased client demand and the ability to leverage this technology across lucrative partnership opportunities. This strategy has proven successful with the company signing new partnership agreements with Netdocuments and Worldox which will see DocsCorp's Content Crawler integrated into both companies' cloud document management systems. These partnerships will launch during FY2019.

DocsCorp has more than 3,000 customers in 32 countries deploying over 450,000 licences. The company has market leading low customer churn and net revenue churn highlighting the sticky nature of its customer base and the successful execution of its land and expand sales strategy.

BTI revalued its investment in DocsCorp up by 23% to $9.2m in June 2018 based on the business' revenue growth and improved recurring revenue mix.

Valuation 30 June 2018:	$9.2m
Valuation 30 June 2017:	$7.5m
Investment since 30 June 2017:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Review of Operations (continued)

Standard Media Index

SMI is a market leading data platform specialising in the management and distribution of media and advertising data. SMI holds exclusive contracts to source advertising spend data from buying agencies in more than 32 countries.

In FY18, SMI commercialised its new full market TV product, *'AccuTV'* which offers a comprehensive analytical view of the US TV market. This product is used by media companies, financial investors and management consulting firms to make fundamental strategic decisions and has had successful uptake, with key contracts secured with ABC/Disney, Fox, Turner and Discovery Channel.

SMI continues to strengthen the accuracy of its offering to customers through incorporating incremental agencies into its data pool and establishing strategic partnerships with other key data players in the market, such as Nielsen.

SMI's growth prospects remain promising, underpinned by two main initiatives (1) penetrating new industry verticals that demonstrate a clear product-market fit for the existing data intelligence SMI provides, and (2) building new products for existing and new customers. The company's expansion into the financial services sector is a clear example of the success the company has had with its first initiative. The company has exceeded full-year CY 2018 budget expectations within the first six months of the year, with a strong pipeline persisting. SMI has demonstrated a track record of launching new products – *AccuTV* was the first of its new product suite launched at the end of last year. SMI has since extended its *AccuTV* product into a digital product. This new full market digital product is in the final stage of development and early stage of go-to-market and has been received favourably in early beta discussions with potential customers.

In the 12 months to June 2018, SMI grew revenue by 25%. The business has demonstrated EBITDA profitability on a monthly basis.

Valuation 30 June 2018:	$7.4m
Valuation at 30 June 2017:	$7.4m
Investment since 30 June 2017:	$0m
Basis for valuation:	Cost with cross check of revenue multiples
Securities held:	Convertible notes and ordinary shares

Viostream

Viostream is a cloud-based video platform for the creation, management and distribution of live and on-demand video. Viostream's platform is used by corporate and government enterprises to manage digital video for business communications such as marketing, internal employee engagement and corporate relations.

Viostream's run-rate revenue declined 3% in FY2018 as a result of lower than forecast sales and the deliberate exiting of low margin contracts. The company's booked revenue increased 17% year-on-year as a result of strong multi-year renewals from key customers.

During FY2018 management implemented a number of initiatives to move the business to cash flow profitability while also securing new licence fee revenue. During the last quarter Viostream secured five new licence deals, including a number of key government departments and agencies.

Viostream's CEO has restructured the New Business and Customer Success teams. These changes have better equipped the business to upsell to their existing base and condense the sales cycle for new business opportunities. The live events production business has been streamlined such that it services only licence fee customers. The delivery of lower margin, one-off events has ceased.

Management have worked hard to reduce the monthly cost base of the business by 25%. These cost reductions have been achieved by right-sizing the team and eliminating unnecessary overheads.

Despite management's focus on cost optimisation the business has made considered investments in two new important product development initiatives which the company will bring to market in FY2019.

During the course of FY2018 BTI revised the carrying value of Viostream down by $18.2m to $7.4m to reflect the performance of the business and applicable revenue multiples. $11.5m of this write down occurred in June 2018. The last quarter of FY2018 is an important sales period for Viostream and despite all the good work completed by management the business did not achieve anticipated new revenue forecasts.

Despite the lower than forecast new sales performance in the last quarter, the second half of FY2018 delivered material cash flow profitability. Going into FY2019 the business is positioned well with a high margin recurring revenue stream and a substantially lower cost base along with the planned of launch of two new products.

Valuation 30 June 2018:	$7.4m
Valuation at 30 June 2017:	$23.0m
Investment since 30 June 2017:	$2.6m
Basis for valuation:	Cost plus accrued interest, with cross check of revenue multiples
Securities held:	Convertible preference shares and convertible notes

Review of Operations (continued)

Rezdy

Rezdy is Australia's leading booking software and channel management tool for the tours and activities sector. The company's channel management and distribution solutions increase online and mobile sales of tours and activities and facilitate greater reach through leading global distribution partners such as Viator, C-Trip and Expedia. Rezdy's B2B marketplace connects tours and activity operators with over 3,800 independent agents and handles activity and commission payments. Rezdy's booking software platform enables tours and activities providers to sell directly to consumers online, simplifying back-end operations for customers with inventory, scheduling and reservation engines.

Established in 2012, Rezdy has over 2,500 active customers who collectively process more than $1bn in booking revenue per annum through the platform. The company generates approximately half its revenue outside of Australia with the US being Rezdy's second biggest market. The core of Rezdy's business (booking software) generates revenue through a software-as-a-service ("SaaS") model in which subscription fees are paid on a monthly or annual basis and transactional revenue is captured on a commission per booking basis. The B2B marketplace generates revenue through license subscriptions and transaction fees. Approximately 90% of Rezdy's revenue is recurring in nature.

Over the past twelve months Rezdy demonstrated revenue growth of 48%. In April 2018, Rezdy's founder, Simon Lenoir, made the decision to step into a Founding Director position, handing over the CEO position to Chris Atkin. Chris has made further hires to strengthen the senior management team, with the addition of a Global Head of Sales and VP of Engineering. In January 2018, Rezdy opened a second US office based in Raleigh, North Carolina. Rezdy employs 60 people across its three offices including Sydney (global headquarters), Las Vegas (US headquarters) and Raleigh.

Valuation 30 June 2018:	$4.5m
Valuation 30 June 2017:	$4.5m
Investment since 30 June 2017:	$0m
Basis for valuation:	Recent third party investment
Securities held:	Convertible preference shares

Brosa

Brosa is a technology-led, vertically integrated furniture brand and online retailer. Digitally-native brands like Brosa have an acute advantage over typical retailers, with access to data across the consumer purchasing lifecycle that can inform and optimise future investment in inventory and pricing.

Australian retailers have been slow to respond to the shifting landscape of modern consumers. This has created an opportunity for digitally native retailers to utilise technology to optimise all parts of the supply chain, from design to delivery, with a true understanding of the desires and preferences of their customers. Brosa is a next generation retailer with a digitally-native mindset and full vertical integration across the supply chain, enabling superior control of the customer experience. Utilising these advantages, Brosa is well positioned to become a market leader in the $13.0bn Australian furniture retail industry.

Established in 2014, Brosa is based in Melbourne with 25 staff. The business operates an online/offline retail model, which includes predominantly online sales supported by two appointment-only physical showrooms in Melbourne and Sydney.

The business has scaled rapidly to reach $19m in net revenue and demonstrates strong unit economic profitability with superior margins compared to traditional online retail peers. Capitalising on its capital efficiency the company achieved EBITDA breakeven for the month of June 2018 for the first time since inception. In the time since BTI's investment in October 2017, Brosa has recruited top talent to spearhead its product range and merchandising strategy and refine its focus on brand marketing to drive organic customer acquisition.

Valuation 30 June 2018:	$3.0m
Investment October 2017:	$3.0m
Basis for valuation:	Cost
Securities held:	Convertible preference shares

Significant Changes in State of Affairs

There was no significant change in the Company's state of affairs during the year.

Events after the Reporting Period

In August 2018, Instaclustr completed a capital raising by an independent third party. BTI has revalued its investment in Instaclustr upwards by $5.3m (58%) to $14.6m reflecting the price set by that capital raise. Refer to BTI's announcement for further details.

Other than the aforementioned investment, no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Future Developments, Prospects and Business Strategies

The BTI portfolio is well positioned for continued growth. In addition, the pipeline of potential new investment opportunities remains strong.

Likely developments, future prospects and the business strategies and operations of the portfolio companies and the economic entity, and the expected results of those operations have not been detailed in this report as the directors believe the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Business Risks

The following exposures to business risk may affect the Company's ability to deliver expected returns:

Market Risk

Investment returns are influenced by market factors such as changes in economic conditions, the legislative and political environment, investor sentiment, natural disasters, war and acts of terrorism.

The investment portfolio is constructed so as to minimise market risks but those risks cannot be entirely eliminated and the investment portfolio may underperform against the broader market.

Liquidity Risk

There is a risk that the investment portfolio's underlying investments or securities may not be easily converted to cash. Even where the Company does have a significant cash holding, that cash will not necessarily be available to Shareholders.

General Investee Company Risks

There are risks relating to the growth stage Internet-related Businesses in which the Company invests including:

- The business model of a particular investee company may be rendered obsolete over time by competition or new technology;
- Some investee companies may not perform to the level expected by the Manager and could fail to implement proposed business expansion and/or product development, reduce in size or be wound up;
- Some investee companies may fail to acquire new funding, whether by way of debt funding or third party equity funders;
- There is no guarantee of appropriate or timely exit opportunities for the Company, and accordingly the timeframe for the realisation of returns on investments may be longer than expected.

The Company uses a combination of strategies to minimise business risks, including structural and contractual protections, a clear investment strategy and Board representation.

Environmental Regulation

The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Corporate Governance Statement

Bailador Technology Investments Limited's Corporate Governance Arrangements

The objective of the Board of Bailador Technology Investments Limited is to create and deliver long-term shareholder value through a range of diversified investments.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between Board members, management and investee companies.

Bailador Technology Investments Limited and its subsidiaries operate as a single economic entity with a unified Board. As such, the Board's corporate governance arrangements apply to all entities within the Company.

Bailador Technology Investments Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2018 and have been approved by the Board.

Board Composition

The Board comprises 5 directors, three of whom are non-executive and meet the Board's criteria, and ASX Guidelines, as to be considered independent. The names of the non-executive/independent directors are:

Andrew Bullock
Heith Mackay-Cruise
Sankar Narayan

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. For a director to be considered independent, they must meet all of the following materiality thresholds:

- Not hold, either directly or indirectly through a related person or entity, more than 5% of the company's outstanding shares;
- Not benefit, either directly or through a related person or entity, from any sales to or purchases from the company or any of its related entities, and
- Derive no income, either directly or indirectly through a related person or entity, from a contract with the company or any of its related entities.

A list of the Board's directors for the year ended 30 June 2018, along with their biographical details, is provided in the Directors' Report.

The Board considers the current board composition reflects an appropriate balance between executive and non-executive directors that promotes both the generation of shareholder value and effective governance.

The Board also considers that the current board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The diverse range of investments the company is involved in necessitates the Board having a correspondingly diverse range of skills, experience and expertise. As BTI invests in internet-related businesses, directors are required to have a strong working knowledge of this sector. In addition, directors need to have a strong understanding of a range of other business requirements, including finance and contract law. To this end, the Board considers its current composition to be appropriate and has in place an active program for assessing whether individual directors and the Board as a whole have the skills and knowledge necessary to discharge their responsibilities in accordance with the Board's governance arrangements. Details of the skills, expertise and experience of each director are provided in the Directors' Report.

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management and portfolio companies. These values are enshrined in the Board's Code of Conduct policy which is available at www.bailador.com.au.

The Code of Conduct policy requires all directors to at all times:

- Act in good faith in the best interests of the Company and for a proper purpose;
- Comply with the law and uphold values of good corporate citizenship;
- Avoid any potential conflict of interest or duty;
- Exercise a reasonable degree of care and diligence;
- Not make improper use of information or position; and
- Comply with the company's Code of Conduct and Securities Trading Policy.

Directors are required to be independent in judgment and ensure all reasonable steps are taken to ensure the Board's core governance values are not compromised in any decisions the Board makes.

Share Ownership and Share Trading Policy

Details of directors' individual shareholdings in Bailador Technology Investments Limited are provided in the remuneration report.

The Bailador Technology Investments Limited Securities Trading Policy is set by the Board. The policy restricts directors from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the company's share price. A detailed description of the Board's policy regarding directors trading in Bailador Technology Investments Limited shares is available from the Board's Code of Conduct and Securities Trading Policy, both of which are available at www.bailador.com.au.

Directors are prohibited from trading for short term speculative gain.

Board Committees

To facilitate achieving its objectives, the Board has established two sub-committees comprising Board members – the Audit and Risk Committee and the Nomination and Remuneration Committee. Each of these committees has formal terms of reference that outline the committee's roles and responsibilities, and the authorities delegated to it by the Board. Copies of these terms of reference are available at www.bailador.com.au.

Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board by advising on the establishment and maintenance of a framework of internal controls and to assist the Board with policy on the quality and reliability of financial information prepared for use by the Board. Specifically, the Audit and Risk Committee oversees:

- The appointment, independence, performance and remuneration of the external auditor;
- The integrity of the audit process;
- The effectiveness of the internal controls; and
- Compliance with applicable regulatory requirements.

Information on the Board's procedures for the selection and appointment of the external auditor, and for the rotation of the external audit engagement partners, is available from the company's website www.bailador.com.au.

The Audit and Risk Committee comprises five directors (including the Chair of the Board), three of whom are non-executive/independent directors. Consistent with ASX's Corporate Governance Principles and Recommendations, the Chair of the Audit and Risk Committee is independent and does not hold the position of Chair of the Board.

The names and qualifications of the Audit and Risk Committee members and their attendance at meetings of the Committee are included in the Directors' Report.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist the Board by making recommendations to it about the appointment of new directors of the company and advising on remuneration and issues relevant to remuneration policies and practices including for non-executive directors. Specifically, the Nomination and Remuneration Committee oversees:

- Developing suitable criteria for Board candidates;
- Identifying, vetting and recommending suitable candidates for the Board;
- Overseeing Board and director performance reviews;
- Developing remuneration policies for directors; and
- Reviewing remuneration packages annually.

The Nomination and Remuneration Committee comprises five directors (including the Chair of the Board), three of whom are non-executive/independent directors. Consistent with ASX's Corporate Governance Principles and Recommendations, the Chair of the Nomination and Risk Committee is independent and does not hold the position of Chair of the Board.

The names and qualifications of the Nomination and Remuneration Committee members and their attendance at meetings of the committee are included in the Directors' Report.

There are no schemes for retirement benefits for directors.

Performance Evaluation

The Board assesses its performance, the performance of individual directors and the performance of its committees annually through internal peer review. The Board also formally reviews its governance arrangements on a similar basis annually. The Board, along with the Nomination and Remuneration Committee have met throughout the year and have found the current board performance and composition to be appropriate.

Further remuneration policy for non-executive/independent directors is provided at www.bailador.com.au.

Board Roles and Responsibilities

The Board is accountable to the shareholders for creating and delivering shareholder value through governance of the Company's business activities. The discharge of these responsibilities is facilitated by the Board delivering to shareholders timely and balanced disclosures about the Company's performance.

As a part of its corporate governance arrangements, the Board has established a strategy for engaging and communicating with shareholders that includes:

- Monthly updates to the ASX and the Company website with the Company's net asset backing;
- Presentations to investors and media briefings, which are also placed on the Company website; and
- Actively encouraging shareholders to attend and participate in the Company's Annual General Meeting.

A detailed description of the Board's communication policy is provided at www.bailador.com.au.

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board has delegated to the Manager, Bailador Investment Management, all authorities appropriate and necessary to achieve the Board's objective to create and deliver long-term shareholder value. A complete description of the functions reserved for the Board and those it has delegated to the Manager along with guidance on the relationship between the Board and the Manager is available from the Board Charter available at www.bailador.com.au. Notwithstanding, the Manager remains accountable to the Board and the Board regularly monitors the decisions and actions of the Manager.

The Board Charter requires all directors to act with integrity and objectivity in taking an effective leadership role in relation to the Company.

The Chair is responsible for ensuring individual directors, the Board as a whole and the Manager comply with both the letter and spirit of the Board's governance arrangements. The Chair discharges their responsibilities in a number of ways, primarily through:

- Setting agendas in collaboration with other directors and the Manager;
- Encouraging critical evaluation and debate among directors;
- Managing board meetings to ensure all critical matters are given sufficient attention; and
- Communicating with stakeholders as and when required.

The Board Charter provides independent directors the right to seek independent professional advice on any matter connected with the discharge of their responsibilities at the Company's expense. Written approval must be obtained from the Chair prior to incurring any such expense on behalf of the Company.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. The Board actively encourages shareholders to attend and participate in the Annual General Meetings of Bailador Technology Investments Limited, to lodge questions to be responded to by the Board and/or the Manager, and to appoint proxies.

The Company ensures its statutory auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to creating and delivering long-term shareholder value.

The main risks that could negatively impact on the performance of the Company's investments include:

- General market risk, particularly in worldwide tech sector stocks;
- General interruption to the Australian venture capital sector;
- The ability of the Manager to continue to manage the portfolio, particularly retention of the Manager's key management personnel;
- Minority holdings risk where other larger investors in our portfolio companies may make decisions the Company disagrees with; and
- Other operational disruptions within portfolio companies due to changes in competition or technology, key management personnel, cash-flow and other general operational matters.

There have been no changes to the risk profile of the Company.

The Manager has been delegated the task of implementing internal controls to identify and manage risks for which the Audit and Risk Committee and the Board provide oversight. The effectiveness of these controls is monitored and reviewed regularly.

A summary of the Board's risk management policy is available at www.bailador.com.au.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the company website www.bailador.com.au.

Directors' Report

Your directors submit the financial report of the Company for the financial year ended 30 June 2018. The information in the preceding operating and financial review forms part of this Directors' Report for the year ended 30 June 2018 and is to be read in conjunction with this report:

Directors

The names of directors who held office during or since the end of the year:

David Kirk (Chairman)
Paul Wilson
Andrew Bullock
Sankar Narayan
Heith Mackay-Cruise

Dividends

There have been no dividends paid or declared during the year.

Indemnifying Officers or Auditor

During the year, Bailador Technology Investments Limited paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

Proceedings on Behalf of Company

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

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

Non-audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied the services disclosed below did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to audit independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board. All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2018:

	$
Taxation services	9,693
	9,693

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 24 of the Financial Report.

Rounding of Amounts

The Company has applied the relief available to it under *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly certain amounts in the financial report and the Directors' Report have been rounded off to the nearest $1,000.

Options

There are no unissued ordinary shares of the Company under options as at 30 June 2018.

No shares or options are issued to directors of Bailador Technology Investments Limited as remuneration.

Information Relating to Directors and Company Secretary

Information on directors is located on pages 4 and 5 of this report.

Helen Plesek
Company Secretary

- Helen has over 20 years of experience in finance, corporate development and governance holding senior roles at Inchcape Motors Australia, Tubemakers of Australia and BRW Fast 100 winner and technology company, LX Group. In addition, Helen has consulted on best practice finance systems across a range of companies and government bodies.
- Helen holds a Bachelor of Commerce in Accounting and a Masters in Politics and Public Policy. She is a Certified Practicing Accountant.

Meetings of Directors

During the period, 8 meetings of directors and 4 committee meeting were held. Attendances by each director during the period were as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Kirk	8	8	3	3	1	1
Paul Wilson	8	8	3	3	1	1
Andrew Bullock	8	7	3	3	1	1
Sankar Narayan	8	7	3	3	1	1
Heith Mackay-Cruise	8	8	3	3	1	1

Remuneration Report (Audited)

Remuneration Policy

Bailador Technology Investments Limited does not employee any personnel. The Board has delegated management of the investment portfolio to the Manager, Bailador Investment Management Pty Ltd.

David Kirk and Paul Wilson are directors of Bailador Technology Investments Limited and are also directors and owners of Bailador Investment Management Pty Ltd.

The Manager is responsible for managing the Investment Portfolio in accordance with the Company's investment strategy. The Manager was appointed in 2014 for an initial term of 10 years and will automatically extend after that term until it is terminated in accordance with the agreement's terms.

The Board has recognised the Manager as Key Management Personnel (KMP) given it has the authority and responsibility for planning, directing and controlling the activities of the Company. At least one of David Kirk or Paul Wilson are required to continue to be directors of the Manager and must continue to be actively involved in the management of the investment portfolio during the initial term of the agreement.

The Board has agreed that the independent Directors, Andrew Bullock, Sankar Narayan and Heith Mackay-Cruise, are to receive $60,000 per annum. The Executive Directors do not receive any remuneration.

Bailador Technology Investments Limited pays a management fee of 1.75% per annum (plus GST) of the portfolio NAV. Fees are calculated and paid at the beginning of each quarter in advance. The management fee for a quarter is then adjusted and paid at the end of the quarter based on increases or decreases in the NAV. All the costs of the Manager, including staff, rent, training, and other costs are paid for from this fee.

In addition, the Manager is entitled to receive a performance fee equal to 17.5% per annum (plus GST) of the investment portfolio's gain each year subject to outperforming a hurdle of 8.0% per annum (compounded). The performance fee is only payable from realised gain. The hurdle was not cleared in the year to 30 June 2018 and no performance fee has been accrued for payment.

Amounts paid or payable to the Manager relating to the year ended 30 June 2018 are as follows:

Base management fee	$2,285,342
Reimbursement of portfolio management expenses	$48,965

Key Management Personnel (KMP) Remuneration

Remuneration paid or payable to each KMP of the Company during the financial year is as follows:

	Position	Directors' Fees
David Kirk	Chairman and Executive Director	–
Paul Wilson	Executive Director	–
Andrew Bullock	Non-executive Director	60,000
Sankar Narayan	Non-executive Director	60,000
Heith Mackay-Cruise	Non-executive Director	60,000
	Non-recoverable GST incurred on director payments	12,000
		192,000

KMP Shareholdings

The number of ordinary shares in Bailador Technology Investments Limited held by each KMP of the Company during the financial year is as follows:

	Balance at 30 June 2017	Net number of shares acquired	Net number of shares disposed	Balance at 30 June 2018
David Kirk	8,387,841	–	–	8,387,841
Paul Wilson	3,068,136	133,377	–	3,201,513
Andrew Bullock	410,422	–	–	410,422
Sankar Narayan	200,000	–	–	200,000
Heith Mackay-Cruise	502,592	–	–	502,592
	12,568,991	**133,377**	**–**	**12,702,368**

KMP Option Holdings

There were no options on issue to KMP at any point during the financial year.

Other Transactions with KMP and their Related Parties

David Kirk and Paul Wilson receive directors' fees in relation to directorships of portfolio companies. For the year 1 July 2017 to 30 June 2018, David Kirk earned $16,667 from SiteMinder and $50,000 from DocsCorp. Paul Wilson earned $50,000 from SiteMinder, $40,000 from Stackla and $37,200 from Straker Translations.

The Manager receives directors' fees in relation to directorships of portfolio companies. For the year 1 July 2017 to 30 June 2018, the Manager earned (net of GST) $50,000 from DocsCorp, $30,000 from Instaclustr, $40,000 from Stackla and $36,875 from Straker Translations.

There were no other transactions conducted between the Company and related parties, (other than those disclosed above with the Manager), relating to equity, compensation and loans, that were conducted other than in accordance with normal supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

David Kirk
Director

Paul Wilson
Director

Dated this 16th day of August 2018

Auditor’s Independence Declaration

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

AUDITOR’S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 16 August 2018

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2018

	Note	30 June 2018 $000	30 June 2017 $000
Increase/(Decrease) in value of financial assets	2	8,384	(4,158)
Interest income		115	343
Accounting fees		(224)	(156)
ASX fees		(57)	(91)
Audit fees	6	(63)	(61)
Directors' fees		(192)	(192)
Due diligence costs		(9)	(21)
Independent valuations		(111)	(112)
Insurance		(90)	(74)
Investor relations		(86)	(16)
Legal fees		(29)	(78)
Manager's fees	5	(2,285)	(2,316)
Registry administration		(27)	(25)
Other expenses		(103)	(130)
Profit/(Loss) before income tax	2	5,223	(7,087)
Income tax expense	3	(1,570)	2,122
Profit/(Loss) for the year		3,654	(4,965)
Other comprehensive income		–	–
Total comprehensive income/(loss) for the year		3,654	(4,965)
Earnings per share			
– basic earnings per share (cents)	7	3.04	(4.44)
– diluted earnings per share (cents)	7	3.04	(4.44)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Note	As at 30 June 2018 $000	As at 30 June 2017 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	3,774	12,517
Trade and other receivables	9	69	105
TOTAL CURRENT ASSETS		3,843	12,622
NON-CURRENT ASSETS			
Financial assets	4	129,886	115,919
Deferred tax assets	11	14,234	7,955
TOTAL NON-CURRENT ASSETS		144,120	123,874
TOTAL ASSETS		147,963	136,496
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	205	240
TOTAL CURRENT LIABILITIES		205	240
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	19,708	11,859
TOTAL NON-CURRENT LIABILITIES		19,708	11,859
TOTAL LIABILITIES		19,913	12,099
NET ASSETS		128,051	124,397
EQUITY			
Issued capital	12	116,475	116,475
Retained earnings		11,576	7,922
TOTAL EQUITY		128,051	124,397

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Note	Ordinary Share Capital $000	Retained Earnings $000	Total $000
Balance at 1 July 2016		96,971	12,887	109,858
Comprehensive income				
Profit for the period		–	(4,965)	(4,965)
Total comprehensive income for the period		–	(4,965)	(4,965)
Transactions with owners, in their capacity as owners, and other transfers				
Shares and options issued during the year	12	19,985	–	19,985
Transaction costs, net of tax		(481)	–	(481)
Total transactions with owners and other transfers		19,504	–	19,504
Balance at 30 June 2017		116,475	7,922	124,397
Balance at 1 July 2017		116,475	7,922	124,397
Comprehensive income				
Profit for the year		–	3,654	3,654
Total comprehensive income for the period		–	3,654	3,654
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners and other transfers		–	–	–
Balance at 30 June 2018		116,475	11,576	128,051

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Note	30 June 2018 $000	30 June 2017 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,284)	(7,294)
Interest received		124	365
Net cash used in operating activities	14	(3,160)	(6,929)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		(5,583)	(27,637)
Net cash used in investing activities		(5,583)	(27,637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of payouts		–	19,985
Payments relating to costs of capital raising		–	(687)
Net cash provided by financing activities		–	19,298
Net (decrease)/increase in cash held		(8,743)	(15,267)
Cash and cash equivalents at beginning of period		12,517	27,784
Cash and cash equivalents at end of year		3,774	12,517

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 30 June 2018

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. It is recommended that this financial report be read in conjunction with any public announcements made during the period. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements were authorised for issue on 16th August 2018.

Accounting Policies

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Investments

The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position.

Investments held at fair value through profit or loss are initially recognised at fair value. Transaction costs related to acquisitions are expensed to profit and loss immediately. Subsequent to initial recognition, all financial instruments held at fair value are accounted for at fair value, with changes to such values recognised in the profit or loss.

In determining year-end valuations, the board considers the annual valuation review by an independent valuation expert and the valuation report prepared by the Manager along with other material deemed appropriate by the board in arriving at valuations.

In determining valuations, whilst considering individual portfolio company valuations, the board determines the overall value of the investment portfolio and determines company revenue as the change in the total value of financial assets held at fair value through profit or loss.

Investments are recognised on a trade date basis.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 *Consolidated Financial Statements*.

b. Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

c. Taxation

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

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

No deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial liabilities

Financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Impairment losses are recognised in the profit or loss immediately.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, to the asset's carrying amount. Any excess of the carrying amount over its recoverable amount is recognised immediately in the profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

Derecognition

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

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short term highly liquid investments with original maturities of 3 months or less.

f. Trade and Other Receivables

Trade and other receivables include amounts due from government authorities and prepayments for services performed in the ordinary course of business. Receivables expected to be collected (or utilised) within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to note 1(d) for further discussion on the determination of impairment losses.

g. Trade and Other Payables

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

h. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

i. Interest Income

Interest revenue is recognised using the effective interest method.

j. Rounding of Amounts

The Company has applied the relief available to it under *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

k. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Detailed information about each of these estimates and judgements is included in Note 18 in the financial statements.

l. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative period represents the period from 1 July 2016 to 30 June 2017.

m. New Accounting Standards for Application in Future Periods

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 9 : *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to certain provisions on hedge accounting) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets.

This Standard is not expected to significantly impact the Company's financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

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

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The company does not have any leases and the implementation of AASB16 will not impact the company.

Note 2: Profit For The Year

	30 June 2018 $000	30 June 2017 $000
The following revenue and expense items are relevant in explaining the financial performance for the year:		
Fair value (losses)/gains on financial assets at fair value through profit or loss	8,384	(4,158)

There were strong gains in a number of portfolio companies, in particular (in '000s)

- SiteMinder increased $15,384 (38%)
- Instaclustr increased $4,776 (106%)
- Straker Translations increased $2,451 (28%)
- Lendi increased $2,287 (32%)
- DocsCorp increased $1,710 (23%)

These gains were partially offset by a write down in the value of Viostream by $18,226 over the course of the year.

Note 3: Tax Expense

	30 June 2018 $000	30 June 2017 $000
a. The components of tax expense comprise:		
Current tax	3,140	(4,447)
Deferred tax	(1,570)	2,325
	1,570	(2,122)
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax payable as follows:		
Profit/(Loss) for the period before income tax expense	5,223	(7,087)
Prima facie tax payable on profit from ordinary activities before income tax at 30%	1,567	(2,126)
Tax effect of:		
– Other deductions	3	4
Income tax attributable to entity	1,570	(2,122)
The weighted average effective tax rate is as follows:	30%	30%
c. Tax effects of items credited to equity:		
Amounts credited to equity in relation to the income tax effect of amounts recognised in equity:		
Share capital	–	206
	–	206

Note 4: Financial Assets

	As at 30 June 2018 $000	As at 30 June 2017 $000
SiteMinder	55,885	40,500
Stackla	12,577	12,577
Straker Translations	11,155	8,704
Lendi	9,488	7,201
Instaclustr	9,281	4,505
DocsCorp	9,168	7,458
SMI	7,414	7,414
Viostream	7,371	23,013
Rezdy	4,547	4,547
Brosa	3,000	–
	129,886	115,919

Note 5: Management Fees

The Company has outsourced its investment management function to Bailador Investment Management Pty Ltd. Bailador Investment Management Pty Ltd is a privately owned investment management company and is a related party of Bailador Technology Investments Limited.

a. Management fees

The Manager is entitled to be paid a management fee equal to 1.75% of the portfolio Net Asset Value (NAV) plus GST per annum. The management fee is calculated and paid quarterly in advance. Each quarter the average of the opening and closing NAV for the quarter is calculated and an adjustment to the pre-paid fee is made depending on whether NAV has increased or decreased during the quarter.

During the period, the Company incurred $2,285,342 of management fees payable to the Manager, of which $55,752 was unclaimable GST the manager remitted as GST to the ATO.

b. Reimbursement of portfolio management expenses

Under the management agreement, the Manager is also entitled to be reimbursed for certain out of pocket expenses incurred in the acquisition and disposal of portfolio assets and in the management of portfolio assets.

During the period, the Company reimbursed the Manager $48,965 for travel and other expenses incurred in the management of the investment portfolio.

c. Performance fees

At the end of each financial year, the Manager is entitled to receive a performance fee from the Company, the terms of which are outlined below:

The performance fee will be calculated as 17.5% of the NAV gain per annum plus GST, being the amount by which the portfolio NAV at the end of financial year exceeds or is less than the portfolio NAV at the start of the financial year and where that gain exceeds a compound hurdle rate of 8%.

The performance fee will be accrued on an annual basis in arrears and will only be paid at times when proceeds received from realisation of investments is available to the Company and will be paid in respect of the whole amount of the gain (not just the amount over the 8% hurdle), subject to the following caveats:

- If the performance fee for a financial year is a positive amount but the investment return for the financial year does not exceed the hurdle return for the financial year, no performance fee shall be payable to the manager in respect of that financial year, and the positive amount of the performance fee shall be carried forward to the following financial year;
- If the performance fee for a financial year is a negative amount, no performance fee shall be payable to the manager in respect of that financial year, and the negative amount shall be carried forward to the following year; and
- Any negative performance fee amounts from previous financial years that are not recouped in a financial year shall be carried forward to the following financial year.

The performance fee can be fully or partially paid by the issue of shares in Bailador Technology Investments Limited or in cash at the Manager's election, the details of which are outlined below:

If the Manager elects at least 5 business days prior to the performance fee payment date that all or part of the performance fee is to be applied to the issue of shares in the company, the company must, if permitted by applicable laws (including the Listing Rules and the Corporations Act) without receiving any approvals from the shareholders of the Company, apply the cash payable in respect of the relevant amount to the issue of shares to the Manager or its nominee on the performance fee payment date where

N = PF / Issue Price

Where

N is the number of shares issued

PF is the cash value of the performance fee to be paid in shares

Issue Price is the lesser of:

- The volume weighted average price of shares traded on the ASX during the period of 340 calendar days up to but excluding the performance fee payment date; and
- The last price on the last day on which the shares were traded on the ASX prior to the performance fee payment date.

During the period, the Company did not accrue or pay any performance fees paid or payable to the Manager.

Note 6: Auditor's Remuneration

	30 June 2018 $000	30 June 2017 $000
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	63	61
Taxation services	10	28
	73	89

Note 7: Earnings per Share

	30 June 2018 $000	30 June 2017 $000
Profit/(Loss) after income tax	3,654	(4,965)

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted	120,247,831	111,753,525

	Cents	Cents
Basic earnings per share	3.04	(4.44)
Diluted earnings per share	3.04	(4.44)

In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

Note 8: Cash and Cash Equivalents

	As at 30 June 2018 $000	As at 30 June 2017 $000
Cash at bank	3,774	12,517
	3,774	12,517

Note 9: Trade and Other Receivables

	As at 30 June 2018 $000	As at 30 June 2017 $000
CURRENT		
Trade debtors	–	5
GST receivable	44	46
Interest receivable	3	11
Other prepayments	22	43
	69	105

All of the Company's trade and other receivables have been reviewed for indicators of impairment. The Company has determined that no impairment is required.

Note 10: Trade and Other Payables

	As at 30 June 2018 $000	As at 30 June 2017 $000
CURRENT		
Trade creditors	118	135
Other payables	87	105
	205	240

Note 11: Income Tax

	As at 30 June 2018 $000	As at 30 June 2017 $000
CURRENT		
Income tax payable	–	–

	Balance at 1 July 2016 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2017 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	5,054	4,347	–	9,401
Tax on acquisition assets on opening	2,458	–	–	2,458
	7,512	**4,347**	**–**	**11,859**

Note 11: Income Tax (continued)

	Balance at 1 July 2017 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2018 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	9,401	7,849	–	17,250
Tax on acquisition assets on opening	2,458	–	–	2,458
	11,859	**7,849**	**–**	**19,708**

	Balance at 1 July 2016 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2017 $000
Deferred tax asset				
Provisions	797	(770)	–	27
Transaction costs on acquisitions	56	27	–	83
Transaction costs on equity issue	430	(166)	206	470
Deferred losses on financial assets	–	3,729	–	3,729
Losses carried forward	–	3,646	–	3,646
	1,283	**6,466**	**206**	**7,955**

	Balance at 30 June 2017 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2018 $000
Deferred tax asset				
Provisions	27	(3)	–	24
Transaction costs on acquisitions	83	3	–	86
Transaction costs on equity issue	470	(171)	–	299
Deferred losses on financial assets	3,729	6,954	–	10,683
Losses carried forward	3,646	(504)	–	3,142
	7,955	**6,279**	**–**	**14,234**

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(c) occur. These amounts have no expiry date.

The board has considered the deferred tax balances and is confident there will be sufficient future profits to utilise the deferred tax asset.

Note 12: Issued Capital and Share Option Reserve

	No.	$
Opening balance at 1 July 2016	100,844,918	96,970,710
Ordinary shares issued	19,402,913	19,985,000
Less Costs directly attributable to the issue of ordinary shares	–	(480,554)
Closing balance at 30 June 2017	120,247,831	116,475,156
Opening balance at 1 July 2017	120,247,831	116,475,156
Ordinary shares issued	–	–
Closing balance at 30 June 2018	120,247,831	116,475,156

Capital Management

The Company's objectives for managing capital are as follows:

- to invest the capital in investments meeting the description, risk exposure and expected return of the investment strategy of the Company;
- to maximise the returns to shareholders while safe-guarding capital by investing in a portfolio in line with investment strategies of the Company; and
- to maintain sufficient liquidity to meet the ongoing expenses of the Company.

Note 13: Operating Segments

The Company has one operating segment: Internet-related Businesses in Australia. It earns revenue from gains on revaluation of financial assets held at fair value through profit or loss, interest income and other returns from investment. This operating segment is based on the internal reports that are reviewed and used by the Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Company invests in securities recorded as financial assets held at fair value through profit or loss.

Note 14: Cash Flow Information

	30 June 2018 $000	30 June 2017 $000
Reconciliation of Cash Flow from Operation with Profit after Income Tax		
(Loss)/Profit after income tax	3,654	(4,965)
Non-cash flows in profit:		
Unrealised fair value (gains)/losses on financial assets at fair value through profit or loss	(8,384)	4,158
Decrease/(Increase) in trade and other receivables	36	(7)
(Decrease) in trade and other payables	(36)	(2,535)
Decrease in current tax liabilities	–	(1,461)
Increase/(Decrease) in deferred tax	1,569	(2,119)
Cash flow from operating activities	(3,160)	(6,929)

Note 15: Contingent Liabilities

There were no contingent liabilities at 30 June 2017 and 30 June 2018.

Note 16: Events After the Reporting Period

In August 2018, Instaclustr completed a capital raising by an independent third party. BTI has revalued its investment in Instaclustr upwards by $5.3m (58%) to $14.6m reflecting the price set by that capital raise. Refer to BTI's announcement for further details.

Other than the aforementioned investment, no matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 17: Financial Risk Management

The Company's financial instruments consist mainly of cash (cash at bank) and financial assets designated at fair value through profit or loss, accounts receivable and payable.

The total for each category of financial instrument, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements are as follows:

	Note	30 June 2018 $000	30 June 2017 $000
Financial assets			
Cash and cash equivalents	8	3,774	12,517
Financial assets at fair value through profit or loss	4	129,886	115,919
Trade and other receivables	9	69	105
Total financial assets		133,729	128,541
Financial liabilities			
Financial liabilities at amortised cost	10	205	240
Total financial liabilities		205	240

Note 17: Financial Risk Management (continued)

Financial Risk Management Policies

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (price risk), credit risk, and liquidity risk. The Company's risk management investment policies, approved by the directors of the responsible entity, aim to assist the Company in meeting its financial targets while minimising the potential adverse effects of these risks on the Company's financial performance.

Specific Financial Risk Exposures and Management

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is currently exposed to the following risks as it presently holds financial instruments measured at fair value and short-term deposits:

i. Price Risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position as financial assets at fair value through profit or loss.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple investments and through use of structural and contractual protections in its investments such as investing in preference shares or convertible notes, requiring minority protections in investment documentation and maintaining active directorships in its investment companies.

The portfolio is monitored and analysed by the Manager.

The Company's net equity exposure is set out in Note 4 of the financial statements.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management consider to be reasonably possible.

30 June 2018	Profit $000	Equity $000
+/- 5% in gain on equity investments	288	288

2. Credit Risk

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred mainly on trade and other receivables.

Credit risk is managed by the Company through maintaining procedures that ensure, to the extent possible, that counterparties to transactions are of sound credit worthiness. As the Company generally does not have trade receivables, receivables are usually in the order of prepayments for particular services. The Company ensures prepayments are only made where the counterparty is reputable and can be relied on to fulfil the service.

The Company's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. None of these assets are past due or considered to be impaired.

The cash and cash equivalents are all held with one of Australia's reputable financial institutions.

3. Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. As the Company's major cash outflows are the purchase of investments, the level of this is managed by the Manager. The Company also manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to operating, investing and financing activities;
- managing credit risk related to financial assets;
- maintaining a clear exit strategy on financial assets; and
- investing surplus cash only with major financial institutions.

Note 18: Fair Value Measurement

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measure can be categorised into, as follows:

Level 1 Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

b. Valuation Techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Australian Private Equity and Venture Capital Association (AVCAL) has prepared the International Private Equity and Venture Capital Guidelines (Valuation Guidelines). The Valuation Guidelines set out recommendations on the valuation of private equity investments which are intended to represent current best practice. The directors have referred to the Valuation Guidelines in order to determine the "fair value" of the Company's financial assets.

The "fair value" of financial assets is assumed to be the price that would be received for the financial asset in an orderly transaction between knowledgeable and willing but not anxious market participants acting at arm's length given current market conditions at the relevant measurement date. Fair value for unquoted or illiquid investments is often estimated with reference to the potential realisation price for the investment or underlying business if it were to be realised or sold in an orderly transaction at the measurement date, regardless of whether an exit in the near future is anticipated and without reference to amounts received or paid in a distressed sale.

AVCAL suggests that one or more techniques should be adopted to calculate a private equity investment based on the valuer's opinion of which method or methods are considered most appropriate given the nature, facts and circumstances of the particular investment. In considering the appropriateness of each technique, AVCAL suggests the economic substance of the investment should take priority over the strict legal form.

AVCAL provides guidance on a range of valuation methodologies that are commonly used to determine the value of private equity investments in the absence of an active market, including:

- price of recent investments;
- earnings multiples;
- revenue multiples;
- net asset values;
- discounted cash flows of the underlying assets;
- discounted cash flows of the investment; and
- industry valuation benchmarks.

The "price of recent investment" methodology refers to the price at which a significant amount of new investment into a company has been made which is used to estimate the value of other investments in the company, but only if the new investment is deemed to represent fair value and only for a limited period following the date of the investment. The methodology therefore requires an assessment at the measurement date of whether any changes or events during the limited period following the date of the recent investment have occurred that imply a change in the investment's fair value.

Note 18: Fair Value Measurement (continued)

The "cost plus accrued interest" methodology refers to the face value of securities including any interest which has accrued at the measurement date. It is particularly relevant where the security has either a structural or a contractual liquidity preference.

A "revenue multiple" methodology is often used as the basis of valuation for early and development stage businesses. Under this method, the enterprise value is derived by multiplying the normalised historical or projected revenue of the business with a multiple or range of multiples. The multiple or range of multiples applied should be an appropriate and reasonable indication of the value of each company, given the company's size, risk profile and growth prospects. The multiple or range of multiples is usually derived from market data observed for entities considered comparable to the companies being valued.

c. Financial Instruments

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	30 June 2018	
	Carrying Amount $000	Fair Value $000
Financial assets:		
Cash and cash equivalents	3,774	3,774
Trade and other receivables	69	69
Financial assets	129,886	129,886
	133,729	133,729
Financial liabilities:		
Trade and other payables	205	205
	205	205

d. Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are Categorised

	Fair Value Measurements at 30 June 2018 Using:		
Description	Quoted Prices in Active Markets for Identical Assets $000 (Level 1)	Significant Observable Inputs Other than Level 1 Inputs $000 (Level 2)	Significant Unobservable Inputs $000 (Level 3)
Recurring fair value measurements			
Financial assets at fair value through profit or loss	–	28,190	101,696
	–	28,190	101,696

Note 18: Fair Value Measurement (continued)

	Fair Value Measurements at 30 June 2017 Using:		
Description	Quoted Prices in Active Markets for Identical Assets $000 (Level 1)	Significant Observable Inputs Other than Level 1 Inputs $000 (Level 2)	Significant Unobservable Inputs $000 (Level 3)
Recurring fair value measurements			
Financial assets at fair value through profit or loss	–	37,534	78,386
	–	37,534	78,386

e. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

	Fair Value at 30 June 2018 $000	Valuation Techniques	Range of Observable Inputs
Straker Translations	11,155	Price of recent third party transaction	Price of recent third party transaction
Lendi	9,488	Price of recent third party transaction	Price of recent third party transaction
Rezdy	4,547	Price of recent third party transaction	Price of recent third party transaction
Brosa	3,000	Price of recent third party transaction	Price of recent third party transaction

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the year.

f. Valuation Techniques and Inputs Used to Determine Level 3 Fair Values

	Fair Value at 30 June 2018 $000	Valuation Techniques	Significant Unobservable Inputs	Range of Unobservable Inputs
SiteMinder	55,885	Revenue multiple	Revenue multiple	5.8x – 8.0x
Stackla	12,577	Revenue multiple	Revenue multiple	3.5x – 5.5x
Instaclustr	9,282	Revenue multiple	Revenue multiple	1.5x – 4.0x
DocsCorp	9,168	Revenue multiple	Revenue multiple	2.5x – 4.0x
SMI	7,414	Cost plus accrued interest Revenue multiple	Interest on convertible preference shares Revenue multiple	1.0x – 2.0x
Viostream	7,371	Cost plus accrued interest Revenue multiple	Interest on convertible notes Revenue multiple	2.0x – 3.0x

There were no changes during the year in the valuation techniques used by the Company to determine Level 3 fair values.

Note 18: Fair Value Measurement (continued)

g. Sensitivity Information

The relationships between the significant unobservable inputs and the fair value are as follows:

Inputs	Impact on Fair Value from Increase in Input	Impact on Fair Value from Decrease in Input
Revenue multiple	Increase	Decrease
Cost plus accrued interest	Increase	Decrease

There were no significant interrelationships between unobservable inputs except as indicated above.

h. Reconciliation of Recurring Fair Value Measurement Amounts (Level 3)

	Financial Assets $000
Opening balance 30 June 2017	78,386
Transfers in from Level 2	17,082
Additions/purchases made during the period	2,583
Gains and losses recognised in profit or loss	3,645
Closing balance 30 June 2018	101,696

Note 19: Related Party Transactions

Remuneration paid or payable to key management personnel (KMP) of the Company during the period are $2,477,342 plus reimbursement of expenses of $48,965. Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's KMP for the year ended 30 June 2018.

Note 20: Company Details

The principal place of business and registered office of the company is:

Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000

Directors' Declaration

In accordance with a resolution of the directors of Bailador Technology Investments Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 25-44, are in accordance with the *Corporations Act 2001*, and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the period ended on that date.

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

3. The directors have been given the declarations required by s295A of the *Corporations Act 2001*.

David Kirk
Director

Paul Wilson
Director

Dated this 16th day of August 2018

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Opinion

We have audited the financial report of Bailador Technology Investments Limited, which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of 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 confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the company.

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

Key Audit Matters

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

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

KEY AUDIT MATTER	***HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER***
Valuation of Investments $130 million **Refer to:** **Note 4 - Financial Assets** **Accounting policy - Note 18 Fair Value Measurement** The Company has been classified under AASB 2013-5 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through the profit or loss and shown as Financial Assets in the Statement of Financial Position. In determining year-end valuations, the board considers the annual valuation review by an independent valuation expert and the valuation report prepared by the Manager. Of these financial assets, $28 million were classified as 'level 2' financial instruments in accordance with AASB 13 Fair Value Measurement. The measurement of level 2 financial assets are based on inputs other than quoted prices that are observable for the asset , either directly or indirectly. The valuation of the level 2 financial instruments therefore requires a higher level of judgement. We have focussed on this area as a key audit matter due to the company being an investment entity; amounts involved being material; and the inherent judgement involved in determining the fair value of investments. The remaining financial assets of $102 million were classified as 'level 3' in accordance with AASB 13 Fair Value Measurement. The measurements of level 3 financial assets are based on unobservable inputs for the asset. This requires a higher level of judgement.	Our procedures included amongst others: • Evaluating the manager's valuation approach to value the investments; cross checking with growth achieved and comparable market data. • Assessing the valuation range to the manger's valuation and implied revenue multiple. • Assessing the scope, expertise and the independence of external valuer engaged by the Company. • Evaluating the appropriateness of the valuation methodologies selected by the manager and separately by the external valuer to determine fair value of the investment to accepted market practices and our industry experience. • Independently assessing and comparing the key inputs adopted by the manager and the external valuer to available market information relating to similar transactions. We involved our valuation specialist to assess that the market data used seperately by the manager and the valuer is reasonable in comparison to a credible external source; the rationale for selected multiples; reference to market data; revenue growth rates and other business characteristics that are reasonable. • Assessing the adequacy of disclosure of level 2 and level 3 finacial assets in accordance with AASB 13 Fair Value Measurement.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

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 annual 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 Company 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 Company 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and these 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.

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILADOR TECHNOLOGY INVESTMENTS LIMITED AND CONTROLLED ENTITITES

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 23 of the directors' report for the year ended 30 June 2018.

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Opinion

In our opinion the remuneration report of Bailador Technology Investments Limited for the year ended 30 June 2018 complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, Nsw 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 16 August 2018

Shareholder Information

Additional Information

The additional information required by the Australian Stock Exchange Limited Listing Rules is set out below.

20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 30 June 2018.

Holder Name	Ordinary Shares Held	% of Issued Shares
Washington H Soul Pattinson and Company Limited	23,000,000	19.13%
David Kirk	8,387,841	6.98%
National Nominees Limited	6,347,535	5.28%
HSBC Custody Nominees (Australia) Limited	4,890,444	4.07%
Forsyth Barr Custodians Ltd	3,750,501	3.12%
Paul Wilson	3,201,513	2.66%
Bond Street Custodians Limited	2,053,308	1.71%
Corom Pty Ltd	2,000,000	1.66%
Patagorang Pty Ltd	1,908,810	1.59%
Pepstock II Pty Ltd	1,435,274	1.19%
Paul Lewis	1,428,312	1.19%
Ladybird Limited	1,253,088	1.04%
Gwynville Trading Pty Ltd	1,113,782	0.93%
Mr Simon Fenwick	1,100,000	0.91%
JP Morgan Nominees Australia Limited	1,019,779	0.85%
Mr Paul Anthony Kendrick	999,978	0.83%
BNP Paribas Nominees Pty Ltd	951,061	0.79%
Mr Paul Meehan	926,545	0.77%
Merrill Lynch (Australia) Nominees Pty Limited	902,564	0.75%
Citicorp Nominees Pty Limited	837,178	0.70%
Total	**67,507,513**	**56.14%**

Substantial Shareholders

The names of the substantial shareholders in the Company's register are:

	Ordinary Shares
Washington H Soul Pattinson and Company Limited	23,000,000
David Kirk	8,387,841
National Nominees Limited	6,347,535

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding as at 30 June 2018.

Holding	Numbers of Shareholders	Ordinary Shares Held	% of Issued Shares
1 – 1,000	81	42,437	0.04%
1,001 – 5,000	278	894,857	0.74%
5,001 – 10,000	246	2,076,355	1.73%
10,001 – 100,000	606	21,309,017	17.72%
100,001 and over	138	95,925,165	79.77%
	1,349	**120,247,831**	**100%**

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 30 June 2018 is 48.

Other Stock Exchanges Listing

Quotation has been granted for all ordinary shares and options of the Company on all member exchanges of the ASX.

Restricted Securities

The Company has no restricted securities.

Unquoted Securities

There are no unquoted securities on issue by the Company.

Buy-Back

There is currently no on market buy-back.

Use of Funds

For the purposes of ASX Listing Rule 4.10.19, the Company confirms that it has used its cash and assets in a form readily convertible to cash, that it had at the time of admission, in a manner consistent with its business objectives, for the financial year.

Corporate Information

Registered Office

Bailador Technology Investments Limited
Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000
www.bailador.com.au

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
www.linkmarketservices.com.au

Directors

David Kirk (Chairman)
Paul Wilson
Andrew Bullock
Sankar Narayan
Heith Mackay-Cruise

Auditor

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000
www.hallchadwick.com.au

Company Secretary

Helen Plesek

Australian Stock Exchange Code

Shares : BTI

Manager

Bailador Investment Management Pty Ltd
Suite 4, Level 11
6 O'Connell Street
Sydney NSW 2000
(AFSL 400811)

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