2017 Annual Report

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
(ASX:BTI)

BAILADOR

Table of Contents

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 expansion capital. In particular, Bailador focuses on software, internet, mobile, data, online market-places and telecommunications-related businesses 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 June 2017	30 June 2016
Share price	$0.90	$1.135
Earnings per share (cents)	(4.44)	12.38
Total Assets ($000)	136,496	121,607
NAV $ per share (pre-tax)	1.067	1.166
NAV $ per share (post-tax)	1.035	1.089

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 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 the Sydney Festival. He is also a director of Forsyth Barr Limited, a privately owned investment firm. David holds several BTI portfolio directorships as Chairman of Rezdy and SMI and a director each of SiteMinder, 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 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 the Chairman of SiteMinder, and Director of Viostream, 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 3,068,136 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 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 is the independent non-executive Chair of hipages Group, the non-executive Chair of Literacy Planet and the non-executive Chair of the Vision Australia Foundation. He is non-executive director of the ASX listed LifeHealthcare Group and non-executive director of ACG Education in New Zealand. 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 is currently the Chief Operating and Financial Officer of ASX and NZX listed company, Xero. 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 shareholder,

Bailador Technology Investments (Bailador) was listed on the Australian stock exchange in November 2014 to give retail and institutional investors the opportunity to invest in information technology companies at the expansion stage. Expansion stage companies in information technology have the following characteristics: several million dollars of revenue, an established customer base (usually international as well as domestic), proven technology and a proven management team. They are well past being 'start-up' businesses.

The companies of interest to Bailador have identified very large target markets, have technology that is at least as good as anything else in the world, have highly profitable unit economics and a demonstrated effective approach to acquiring new customers in their target markets. What these companies don't have is enough capital to invest in acquiring new customers rapidly and the experience of building a company with revenue of something like $10 million to one with revenue of $100 million or more.

Performance in 2017

The underlying investment performance of the Bailador portfolio, measured as the increase in the NTA between 1 July 2016 and 30 June 2017 (pre-tax, and after all fees) was a decline of 6.7%.

This is a disappointing result and given our large personal shareholdings in Bailador you can be assured we feel the pain of this result as much as you do.

In 2017, we added two new companies to the Bailador portfolio, saw strong increases in the value of six companies held more than a year and registered a decline in value for two companies. In one of these cases we wrote the investment down to zero, when in May of this year we placed *iPRO* into voluntary administration.

iPRO

If you have been reading our monthly NAV reports and other updates you will know that *iPRO* was in the business of providing certification compliance verification to companies employing contractors on large sites. Typical customers included major construction companies, hospitals and education providers.

Contractors working on large sites must have a wide range of documentation completed and up-to-date before they can enter the work site. Previously the verification of the required certification had to be done manually. *iPRO* created a system that allowed the original certification and its continuing verification to be done quickly and efficiently in real time online.

There is a large market for these services and when we invested in *iPRO* it seemed that the company was ready for rapid growth. The company had, we believed, completed its technology build, established a solid early customer base and had a solid pipeline of new customers about to join. Soon after investing we discovered the *iPRO* technology was not as advanced as we had been led to believe in due diligence. However, strange as it may seem in technology investing, when things go wrong almost invariably the state of the technology is not the key issue. The most important asset when in investing in technology is not the technology but the people. We made a big mistake investing with the founder and CEO of *iPRO*. He was not straight with us and often operated contrary to board direction and other shareholders' interests. Our contractual protections allowed us to move him out after a period but much of the damage was done. We did our best to work with the remaining management team and brought in some new managers but, unsurprisingly in retrospect, a sub-par founder cannot attract and retain top talent. Persistent delays in product delivery led us finally to accept that it was not in the best interests of our shareholders to continue to fund the company.

We are sure the decision to cease funding *iPRO* was the right one. No one gets every investment right and as I am sure many of you will know from your own experience it is difficult to admit errors, take a loss and move on. It is natural to expect things to get better next week or next month and to be tempted to put good money after bad. It is natural for investors to see good results as confirmation of investment genius and bad results as the result of something outside your control that will come right soon enough. Owning mistakes as a team, treating a follow-on investment as if it were the first investment and above all moving early (although of course it is never early enough), are very important disciplines we are working hard to apply in investing yours and our money.

The decline in the value of *iPRO* was catastrophic for *iPRO* but not for the Bailador portfolio. *iPRO* made up 6% of the Bailador portfolio at the time we wrote it down to zero (at its highest point it made up just under 9% of the portfolio).

The 'portfolio effect' (correctly applied, which it often isn't) is important in investing. Later in this letter we set out how we believe you can benefit from the 'portfolio effect' by adding an investment in Bailador to your investment portfolio.

New Investments

We made two new investments in the 2017 financial year and we couldn't be happier with them both.

DocsCorp

In July 2016 we invested in *DocsCorp*. As we concluded the investment prior to the publication of the 2016 Annual Report we were able to explain what *DocsCorp* does and our expectations for the company in last year's Annual Report.

Dean Sappey and Shane Barnett, the co-founders of *DocsCorp*, and their team have set about diligently implementing the plan they brought to us when they were looking for an investor to help them grow faster. They have built out and launched the cloud offering for their most important product, invested in new sales staff in their European and North American offices, opened new sales offices in

Pittsburgh and Portland, scaled up the London office, invested more in marketing and established systems and reporting to support a larger global company. The results have been impressive and in July this year as a result of strong revenue growth and a greater proportion of recurring revenue we were able to write up the value of our investment in *DocsCorp* by 49%.

InstaClustr

In November 2016 we invested in *InstaClustr. InstaClustr* provides technology and services to the (wait for it) NoSQL open source database as a service market.

At their simplest, information technology 'stacks' (as the jargon goes) consist of infrastructure, a database and multiple applications. The most fundamental requirements of a database are that the data it stores is safe and secure, able to be accessed and processed very quickly and that as the requirements for storage and access increase the database is able to handle more and more (and more and more and more) data without slowing down or requiring expensive new investment.

Traditional databases – the ones that have been around since the 1970s – are called relational databases because they map and store data in a series of tables that relate to other tables. The best known relational databases are SEQUEL or SQL databases. These databases have served the IT industry well and are still the best databases for many companies. However, in the last 10 years, the development of the internet and new business models have led to the growth of very many globally connected businesses that access tens or hundreds of millions of customers and their data daily, i.e. "big data" companies. This had led to a growing demand for databases able to manage massive data storage and computation requirements. Relational databases do not scale particularly efficiently and non-relational or NoSQL databases have been developed for companies that deal with enormous amounts of data and need to scale their databases cost-effectively.

InstaClustr provides a technology and services solution for customers that use NoSQL databases and associated applications. *InstaClustr* was founded in Canberra and has close ties to the University of Canberra, which is able to supply the company with a steady stream of highly qualified non-relational database technical professionals. The CEO and head office of the company is in Palo Alto in California close to the head offices of many of the company's customers who include Atlassian, Sonos, Adstage and Campaign Monitor. 95% of *InstaClustr's* revenue comes from outside Australia and New Zealand, mostly from the US.

We made our first investment in November 2016 and were pleased to be able to buy some more of the company when early shareholders exited in March 2017. *InstaClustr* has grown its revenue by more than 100% since our initial investment and we are very excited by the company's prospects.

Continuing investments

You can read about each of the companies in our portfolio in the Operating Report on page 14. Taken as a whole the nine companies now employ 1,050 people, have offices in 13 countries and 24 cities and combined revenue of $153m which grew at 37% in 2017.

Why an investment in Bailador has a place in a well-constructed portfolio

As any and every investment manager will tell you, putting together a well-constructed investment portfolio requires that you pay attention to risk and return. Most often risk and return is balanced in a portfolio by investing in a variety of asset classes. The most common are equities, bonds, property and cash. Within the equity component, investment will likely be spread across a range of different companies. More often today than ever before investors are investing in Indices. And many 'active' fund managers establish portfolios based on the Index, adding a 'tilt' toward a sector or a few particular companies here and there.

Companies like Bailador are not considered appropriate for these Index-hugging portfolios but they should be. An investment in Bailador is effective as a risk management strategy in Index-heavy portfolios because movements in the value of Bailador are not correlated with movements in the value of the market or market Indices. We set out in some detail the theory of portfolio risk management in Figure 1 on pages 8 and 9. Readers in a hurry can skip it, but those with a bit more time will gain a lot from understanding the proper use (and regular misuse) of portfolio risk management.

> "Taken as a whole the nine companies now employ 1,050 people, have offices in 13 countries and 24 cities and combined revenue of $153m which grew at 37%"

Figure 1: The 'Portfolio Effect'

The theoretical basis for managing risk by building a portfolio is summed up by the 'portfolio effect', which says the change in value of a portfolio of investments will be less than the change in value of an individual investment. For example, if you have 10 companies in your portfolio each with a 10% weighting and one of them drops in value by half, the value of your portfolio will drop not by the 50% of the single investment but by 5% since the remaining nine investments making up 90% of the portfolio have not changed in value.

The very important assumption underlying the 'portfolio effect', which is too rarely made clear, is that its effectiveness as a risk management tool depends entirely on the degree of correlation between the securities in the portfolio.

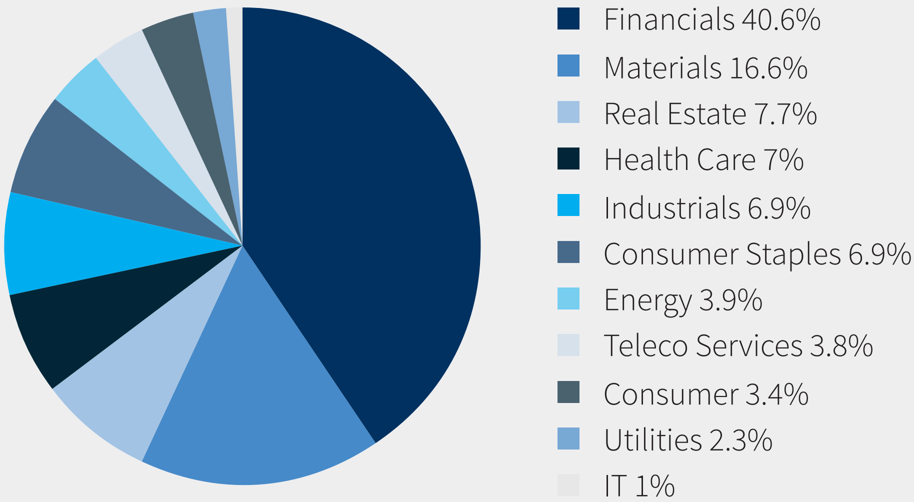
To continue with the above example, let's suppose the company whose value declined by 50% is engaged in producing oil in Nigeria and it has declined in value so drastically because the Nigerian government has just doubled the government royalty on oil. Now, if all nine of the other companies in your portfolio are also engaged in producing oil in Nigeria they too will decline in value, probably by the same amount. Notwithstanding you have a portfolio of investments, there is no 'portfolio effect' to protect you.

This seems all very obvious when set out this way but even knowing this many investors, particularly in Australia and New Zealand, have broad portfolios that are not set up in a way that provides genuine 'portfolio effect' protection. For instance, many portfolios, in order to gain cost-effective exposure to Australian shares, are invested in the ASX100 Index. There are 100 companies in the ASX100 Index, which sounds like a broad portfolio and a portfolio that will protect an investor via the 'portfolio effect'. But it is not. The ASX100 Index has a 41% weighting to financial stocks and aside from a few large companies – BHP and CSL are examples – the remainder of the ASX100 is largely made up of companies whose fortunes very much rise and fall with the performance of the Australian domestic economy (see Chart 1).

Far from having a well hedged portfolio, an investor invested in the ASX100 has a highly concentrated exposure to Australian banks and insurance companies and the Australian domestic economy.

What matters in seeking to manage risk through the use of the 'portfolio effect' is not the number of companies in your portfolio, nor how 'safe' a certain company is supposed to be, but whether or not the value of the companies in your portfolio will move in the same direction at the same time when certain fairly predictable events, such as the bursting of a property bubble or a change in interest rates, occur.

Chart 1 – ASX100 by Sector



Based on GICS© sectors as of July 31 2017

Risk management is about understanding correlation

Two securities, such as shares in two companies listed on the ASX, are said to be correlated when they both move in the same direction at the same time in response to market information. Different sectors and companies are more or less correlated to market movements. In order to compare the correlation of industry sectors and individual companies to movements in the market as a whole, finance theory allocates to the total market a number (called its beta) of 1.0. A company whose share price moves less than 1% when the market moves (up or down) by 1% has a lower beta than 1.0 and a company whose share price moves more than 1% when the market moves 1% has a higher beta than 1.0.

Now, here's the interesting bit. It is true to say that a company with a beta higher than 1.0 is more volatile - up and down - than the market as a whole (and obviously more volatile than a company with a beta less than 1.0), but it is not true to say that when you add a company with a beta higher than the average beta of your portfolio to your portfolio, that your portfolio has become more volatile. It all depends on correlation.

Adding a company, whatever its beta may be, that is not correlated with the rest of your portfolio, such as Bailador, reduces the volatility of your portfolio.

An example will help demonstrate how this works. Let's suppose you have $100,000 invested in the market Index and your great aunt dies and leaves you $10,000.

You decide to invest the money in the stock market and you are considering three potential strategies:

1. Invest the $10,000 in the Index. It's low cost and covers the market, or

2. Invest the $10,000 in Woolworths. You know Roger Corbett's no longer there but the new guy seems pretty good and it's predictable and safe, or

3. Invest the $10,000 in Bailador Technology Investments. You don't know much about technology but it seems sensible to have some exposure.

Which of these three strategies is the best risk management strategy?

To assess the risk profile of the portfolio we have to assume a negative news item and see how the portfolio responds. Let's say the day after you invest your aunt's bequest the Reserve Bank unexpectedly puts up interest rates by 1% and the share market declines by 5%.

The betas and correlations of the three potential securities that may be added to your portfolio are as follows,

Security	Beta	Correlation
The market Index	1.0	100%
Woolworths	0.7[1]	70%
Bailador Technology Investments	N/A	0%[2]

1. *Estimated form US Food and Grocery sector beta of 0.69*
2. *Assumed – see body of Founder's Letter*

Depending on which scenario you proceed with the value of your share portfolio at the end of day in which the Reserve Bank announces the increase in interest rates and the market drops by 5%, will be:

Scenario 1 Invest in the Index	Scenario 2 Invest in Woolworths	Scenario 3 Invest in Bailador
$104,500	$104,650	$105,000

As you can see the investment in Bailador produces the best risk management outcome. In Scenario 1 the full $110,000 investment declines by 5%. In Scenario 2 the original $100,000 declines by 5% and the $10,000 investment in Woolworths, since it is 70% correlated with the market, declines by 3.5% (70% of 5%). In Scenario 3 the original $100,000 invested in the Index declines by 5% and the value of the investment in Bailador, being uncorrelated to the market, is unchanged.

Figure 2: BTI Share Price vs ASX200

How do we know Bailador is not correlated to the ASX200?

First, we can look at the history of changes in the value of a relevant Index and compare this to changes in the value of Bailador Technology Investments (BTI). Figure 2 tracks the BTI share price against the ASX200 since the day of BTI's listing. There seems to be very little correlation here.

Secondly, we can use common sense and apply our own judgement. We do this by asking the right questions. For instance, is it probable that movements in interest rates and the level of household debt in Australia, which will certainly move the market, will change the value of the Bailador portfolio companies? We can ask the same of movements in iron ore price levels or of movements in the US share market, both of which will also move the ASX Indices.

The Bailador portfolio contains nine companies which have developed and are selling information technology that is displacing traditional higher cost, less effective ways of doing things. The nine companies collectively are growing revenue at 37% per annum and are making 60% of their sales outside Australia and New Zealand.

Common sense tells us that it is not probable that movements in the value of the BTI portfolio are correlated to movements in the value of the ASX Indices or to the large companies it represents. Macroeconomic changes, which buffet the market every day, do not affect the growth and prospects of these companies. Accordingly, it is highly probable that the addition of a holding in Bailador to a portfolio weighted to the ASX Indices and/or large capitalisation Australian stocks *will reduce* the volatility of the portfolio.

But wait, there's more! (I feel like a Ginsu knife salesman). This reduced risk also comes with a high probable expected return. An investment in Bailador requires no trade off in your portfolio between the enhanced risk management that comes from investing in a non-correlated stock and the high probable expected return you will get from the investment.

Probable expected return

None of us can know the future. Good investment decisions require that we make educated guesses based on all the information we have and accept that we inevitably live in a world of probabilities not certainties.

Very often the most important thing is to ask the right questions. We think an important question for investors in Australia or New Zealand to ask when considering the likely return from an investment in the technology sector is this: Is it probable that information technology will be a larger share of the market capitalisation of the ASX/NZX in the future?

Figure 3 shows you the changes in the market capitalisation of the top 5 companies in the world over the last 15 years.

Hopefully the chart convinces you that it is highly probable that information technology will be a larger share of the ASX/NZX Indices in the future. (Information technology currently makes up just 1% of the ASX100).

If information technology is to be a larger share of the ASX/NZX Indices in the future it will be because new internet/IT companies have successfully joined the market and because those that are listed now have grown more quickly than the currently listed companies that are not in the information technology sector.

When we look at the business landscape all over the world it is clear that many technology companies are growing more quickly than their traditional incumbents.

Another important question for investors to ask themselves is whether or not they think this will continue. Is it probable that companies having their lunch eaten by online and mobile business models today will somehow get their sandwich and apple back next week or next year?

We think it is very improbable that this will happen and that the value shifts that we are seeing today in sectors such as media, retail, financial services, travel, hotels, taxis and entertainment will continue and will spread to other sectors. If we are right, billions of dollars will continue to move from other sectors to the technology sector in the years ahead.

We believe it is certain that the technology sector will be a larger part of the ASX/NZX Indices in the future and that many billions of dollars will be made by investors who think the way we do.

To summarise, we believe it is highly likely the information technology sector will continue to grow more quickly than the market as a whole and that investing in the right technology companies will deliver excellent returns for investors for the foreseeable future. Further, it is clear that movements in the value of companies such as Bailador (BTI) are not correlated with movements in the value of the market and therefore when added to your portfolio will reduce its volatility.

Figure 3: The Top 5 Companies in the World Are Now Tech Companies

Source: Jeff Desjardins, Visual Capitalist, Chart: The Largest Companies by Market Cap Over 15 Years, August 12 2016

Different ways to invest in technology

There are a number of ways to invest in information technology, including through a private venture capital fund, by buying shares in large global technology companies or investing in a technology Index. Each approach has its advantages and disadvantages and we don't suppose that an investment in Bailador is right for everyone. Some investors will prefer the risk and thrill of a pre-revenue new listing, others will be happy to tie their money up for more than 10 years in a private fund, still others will prefer the lower risk/return of listed large cap companies.

An investment in Bailador will suit investors who:

- prefer to invest at the growth or expansion stage;
- like the capital structure and contractual protections that can only be achieved by investing in private companies;
- think a portfolio approach makes sense;
- believe close oversight by experienced people and board involvement is important;
- understand technology investing requires specialist expertise;
- value the liquidity of a listed share; and
- require the people managing their money to have plenty of their own wealth at stake.

If this sounds like you then you will find us at ASX:BTI.

Thank you for your support this year. We haven't delivered the returns in 2017 we hoped to, but we feel confident that we have a sound strategy, a great team and are invested in a portfolio of very high-quality growth-stage information technology companies run by outstanding founders and their teams.

David Kirk
Chairman
Executive Director

Paul Wilson
Executive Director

We believe it is certain that the technology sector will be a larger part of the ASX/NZX Indices in the future and that many billions of dollars will be made by investors who think the way we do.

David Kirk and Paul Wilson

Operating and Financial Review

Principal Activities

Bailador Technology Investments Limited (BTI) was established in August 2014 to invest in information technology businesses in Australia and New Zealand that require 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 portfolio 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 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 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.

Operating Results

The profit of the Company for the financial year ended 30 June 2017 amounted to a loss of $4,965,000 (2016 $8,864,000 profit), after providing for income tax. Combined revenue growth for the financial year ended 30 June 2017 across the entire portfolio was 37%. Further information on individual portfolio 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 2016 and 30 June 2017 (pre-tax, after all fees, adjusted for capital raised), was a decline of 6.7% pa over the year. Six of the companies in the portfolio have had positive revaluations in the year and one *(Instaclustr)* has been held for too short a period for any valuation change to be undertaken. However, the impairment of the investment in *iPRO* combined with a reduction in the carrying value of the investment in *Viostream* has resulted in a decline in value for the year.

Review of Operations

New Investments

DocsCorp

In July 2016, BTI made a $5m investment in convertible preference shares in *DocsCorp. DocsCorp* has performed strongly since our investment and was revalued upwards by 49.2% in June 2017. BTI has valued *DocsCorp* at $7.5m at 30 June 2017. BTI has two members on the board of *DocsCorp*.

InstaClustr

In November 2016, BTI invested $4.0m in convertible preference shares in *Instaclustr*. BTI completed a $0.5m follow-on investment purchasing shares from an *Instaclustr* shareholder in March 2017. *Instaclustr* is growing rapidly with revenue growth of around 100%. This investment has been held for less than a year and accordingly no change in valuation has been made since investment. BTI has one member on the board of *Instaclustr*.

Follow-on Investments

SMI

In September 2016 BTI committed to a $1.9m follow-on investment in *SMI* which was completed by March 2017. *SMI* has launched a new product in FY17 which has seen it very well positioned for US growth.

Straker Translations

In October 2016, BTI made a follow-on investment of $3.8m in *Straker Translations.* The follow-on investment was at a price 5% higher than BTI's previous carrying value and has seen the original investment in *Straker Translations* grow by 26% since investment in October 2015.

Viostream

In April 2017 BTI invested $1m in *Viostream* at the same price as its previous valuation.

Stackla

BTI invested $3.25m in *Stackla* in December 2016 at a valuation 5% higher than the previous valuation. In June 2017 BTI invested a further $1.5m. *Stackla's* growth has been strong with Annual Recurring Revenue (ARR) increasing ~40% year-on-year.

Review of Operations (continued)

Rezdy

BTI invested $1.1m in *Rezdy* in February 2017. BTI had previously re-valued *Rezdy* upwards by 39% in October 2016, and this follow-on was at that same valuation.

Lendi (formerly Click Loans Group)

In May 2017, BTI made a $1.5m follow-on investment in *Lendi*. The investment was made alongside other sophisticated investors at a valuation 42.3% higher than the price BTI paid for its $5m investment in May 2016.

iPRO

BTI made a number of follow-on investments throughout FY17 in *iPRO* to support development of a new platform. These investments totalled $4.1m. This investment is fully impaired.

Revaluations

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

- *Straker Translations:* increased by 5% in October 2016
- *Rezdy:* increased by 39% in October 2016 (with third party investment in February 2017)
- *Stackla:* increased by 5% in December 2016
- *Lendi:* increased by 42.3% in May 2017

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

- *SiteMinder:* increased by 29% in December 2016
- *DocsCorp:* increased by 49.2% in June 2017

Impairments

iPRO

On 5 July 2017, BTI announced iPRO Solutions Pty Ltd, a wholly owned subsidiary of iPRO Holdings Pty Ltd had been placed into voluntary administration. The decision to place *iPRO* into administration followed the failure of the company to deliver a new technology platform, essential to its success. Earlier delays in platform development and the consequential delays in revenue, led BTI to partially write-down its investment in October 2016. The remainder of BTI's investment was written down to zero in June 2017. BTI is a secured creditor of iPRO Holdings Pty Ltd and may recover some of its investment from the administration.

Viostream

In April 2017 BTI wrote down its investment in *Viostream* by $6.9m or 23% of its previous carrying value. The write down followed slippage in some of *Viostream's* FY17 sales deals. *Viostream* has a solid technology platform and with newly structured pricing models, BTI remains confident in *Viostream's* ability to deliver revenue growth in the medium term.

Valuation of Investments

The Directors have reviewed the value of the investment portfolio and the net tangible assets of BTI as at 30 June 2017. 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 in the case of *SiteMinder* and *DocsCorp* at a price determined by globally benchmarked revenue multiples and trading performance.

Review of Operations (continued) | Operating Reports on Portfolio Companies

SiteMinder

SiteMinder is the world leader in hotel channel management and distribution solutions for online accommodation bookings, seamlessly connecting to more than 550 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.

The company's flagship product is The Channel Manager, an online distribution platform. Its suite of products includes The Booking Button (a booking engine enabling direct hotel bookings via the web), Canvas (an intelligent website creator for hoteliers), Prophet (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 is a software-as-a-service (SaaS) business, licencing all products on its software platform on a monthly basis to over 26,000 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.

SiteMinder has performed very well in the year to 30 June 2017, with continued top-line growth in excess of 40% and strengthening of underlying KPIs. The company broadened its senior management team through the recruitment of a CMO, a VP of Service Delivery, a Director of Engineering and a Director of Product Marketing. In December 2016, the company announced the formal opening of its EMEA headquarters in Galway, Ireland. The company employs 500 people across its six offices in Sydney (global headquarters), Dallas, Galway, London, Bangkok and Cape Town.

Through additional strategic partnerships secured during the year, *SiteMinder* has added to the number of advanced ways a hotel can distribute its inventory.

Valuation 30 June 2017:	**$40.5m**
Valuation at 30 June 2016:	$31.3m
Investment/(Divestment) since 30 June 2016:	$0m
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Viostream

Viostream (previously Viocorp) is a cloud based video platform for the creation, management and distribution of digital video. Viostream's platform is used by corporate and government enterprises for business communications such as marketing, internal employee engagement and corporate relations.

Over 90% of *Viostream's* revenue is recurring in nature, with a licence fee gross margin above 80%. *Viostream's* recurring revenue declined by 17% in FY17. This decline was the result of slippages in a select number of key sales opportunities and the exiting of unprofitable international deals. While it is disappointing some of *Viostream's* sales deals slipped in FY2017, they have not been lost and will present qualified sales opportunities in FY2018. Once aware of these slippages, Bailador wrote down its investment in *Viostream* by 23% in April 2017.

During FY2017 *Viostream* implemented substantial cost saving measures and reduced its monthly operating costs by over 35%. These savings were largely achieved via personnel changes and reducing the use of external contractors. As part of the transition of senior management Neil Jackson (previously Sales Director) was appointed CEO and he has appointed a strong executive team under his leadership.

During the latter part of FY2017, *Viostream* launched two new subscription packages that are based on per seat pricing. This per seat pricing model allows *Viostream* to target companies outside of the ASX100 along with single departments in large commercial and government enterprises. This will widen *Viostream's* current addressable market and reduce its reliance on large scale enterprise customers.

Viostream's product/market position continues to be solid, particularly in the Australian market. The core target market for *Viostream* – selling SaaS licences to the enterprise and government sectors – is growing rapidly as both private enterprise and government make more use of video as a communication tool within their organisations. This is being reflected in the growing quality and size of *Viostream's* sales pipeline as it enters FY2018.

Valuation 30 June 2017:	**$23.0m**
Valuation at 30 June 2016:	$28.5m
Investment since 30 June 2016:	$1.0m – April 2017
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)

Stackla

Stackla is a User-Generated Content (UGC) management platform that enables brands to incorporate online content published by their customers in their brand marketing strategy. UGC is aggregated from over 30 data sources such as Facebook, Twitter, Instagram, YouTube, Wordpress and Twitch. Through its recent launch of *Co-Pilot*, which leverages predictive intelligence and automation, *Stackla* identifies 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 450 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 Dan Murphy's. 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 two thirds of the company's revenue is generated outside of APAC.

The geographical spread of offices has changed since prior year: permanent staff are no longer based in Melbourne and Singapore. Representatives in the company's Sydney office are addressing opportunities in these markets. To achieve greater coverage across the US, the company opened an office in New York. *Stackla* employs 60 FTEs across its offices in Sydney, San Francisco (headquarters), New York and London. During the year the company strengthened its senior management team with a VP of Global Sales and added a US-based seasoned entrepreneur to the Board as Non-Executive Director.

The company has exhibited solid operational performance over the past 12 months, launching a core product, *Co-Pilot,* announcing a strategic integrated channel partnership with Episerver, and growing its top-line +40% YoY whilst improving core sales and retention metrics.

In March 2017, BTI's Convertible Note reached maturity and BTI converted the note into Convertible Preference Shares. There was no impact on carrying value as BTI had been accounting for the Convertible Note on an "as-converted" basis.

Valuation 30 June 2017:	**$12.6m**
Valuation 30 June 2016:	$7.4m
Investment since 30 June 2016:	$3.3m – December 2016 $1.5m – June 2017
Basis for valuation:	Recent third party investment
Securities held:	Convertible preference shares

Straker Translations

Straker Translations (*Straker*) is a provider of 24/7 cloud-enabled translation services to 10,000 customers across 20 countries ranging from small businesses to ASX200 companies. *Straker's* proprietary technology and platform allow it to achieve industry leading gross margins.

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

Straker has made substantial progress in developing its API strategy which allows mass market content and ecommerce platforms such as Yellow Pages Canada, The Hut Group UK, Wordpress and Magento to connect directly into the Straker translation platform. *Straker's* API strategy allows it to leverage the large customer bases of these content platforms to cost effectively acquire customers.

During FY2017 *Straker* completed the acquisition of Ireland-based Eurotext, and US-based Elanex which added additional revenue to the business in FY2017. *Straker* will significantly improve the gross margins of acquired businesses by utilising the superior technology of the *Straker* platform and will reduce overhead by removing duplicate costs.

Straker continues to strengthen its corporate sales efforts by hiring experienced sales executives, which has proved very successful in the UK and which is now being rolled out in other markets. *Straker* has also added an experienced CFO, recruited from a listed UK company.

Industry feedback throughout the course of FY2017 continues to highlight the technology advantage *Straker* holds, not only in the setup of its platform, but the translation engine that sits at the heart of its platform.

The strategic prospects for *Straker* appear increasingly strong as the company develops its position in the growing US$40bn translation market with a technology solution that boasts superior operating margins relative to the incumbent players.

Valuation 30 June 2017:	**$8.7m**
Valuation 30 June 2016:	$4.6m
Investment since 30 June 2016:	$3.8m
Basis for valuation:	Recent third party investment
Securities held:	Convertible preference shares

Review of Operations (continued)

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.

DocsCorp has 3,000 customers in 32 countries deploying over 250,000 licences. Its product suite integrates with over 30 different enterprise content management systems. *DocsCorp* generates 80% of its revenue outside Australasia and the company is EBITDA profitable.

BTI invested in *DocsCorp* in July 2016 and the company is using BTI's investment to build on its strong position in its existing markets, as well as to grow into new industries. The company is well positioned to leverage its product leadership in the legal industry into other sectors, particularly in the accounting industry.

During the course of FY2017 key hires were made across the sales and marketing functions and new offices were opened in London and Pittsburgh. The business also brought to market full cloud functionality for one of its flagship products, CompareDocs, a product that caters to both the SME and enterprise markets.

DocsCorp continued its strong growth, especially in the Northern Hemisphere. In the final quarter *DocsCorp* won two global deals with two of the "Big 4" accounting firms adding an additional 150,000 users to its user base in FY2018.

The strategic prospects for *DocsCorp* look increasingly attractive underpinned by the business' clear product leadership and strong opportunities for growth in the US and European markets.

BTI revalued its investment in *DocsCorp* up by $2.5m (49.2%) in June 2017 based on the strong revenue growth and improvement in recurring revenue mix achieved by *DocsCorp* since BTI's investment twelve months ago.

Valuation 30 June 2017:	$7.5m
Investment since 30 June 2016:	$5.0m – July 2016
Basis for valuation:	Revenue multiples
Securities held:	Convertible preference shares

Standard Media Index

In FY2017 *SMI* launched its new full market TV product called *AccuTV*. The product provides a comprehensive analytical view of the US TV ad spend market. This product is used by media companies and financial investors to make fundamental strategic decisions about advertising inventory pricing and media company value respectively.

SMI has seen a successful take-up of the new product amongst its existing customer base and won new customers. During FY2017 *SMI* successfully upgraded its contract with NBC and signed new agreements with Fox, Turner and Discovery. A high quality pipeline of potential sales prospects has been developed.

In the 12 months to June 2017, *SMI* grew revenue 12% and was EBITDA profitable with half of its revenue generated outside Australia.

During the year, *SMI* completed the renegotiation, of its core Media Agency data supply agreements, extending them and improving margin considerably. Access to agency data remains exclusive.

Following the successful launch of the *AccuTV* product there is the strong potential for *SMI* to develop additional data products that will allow US brands and advertisers to better understand the effectiveness of their TV advertising spend.

Valuation 30 June 2017:	$7.4m
Valuation at 30 June 2016:	$5.5m
Investment since 30 June 2016:	$1.9m
Basis for valuation:	Cost with cross check of revenue multiples
Securities held:	Convertible notes and ordinary shares

Review of Operations (continued)

Lendi

Lendi (formerly Click Loans Group) is a disruptive technology business that aims to fundamentally improve the home loan selection and application process for Australian borrowers. The *Lendi* platform is a home loan comparison and fulfilment portal that uses advanced technology to match borrowers with over 1,600 mortgage products (including its own proprietary mortgage product – Click Loans) offered by a panel of 34 lenders, and enables a borrower to complete a home loan application entirely online (with the assistance of a designated "Home Loan Concierge"). Click Loans, *Lendi's* proprietary home loan, is an end-to-end online mortgage product for new purchases and refinance, backed by several of Australia's largest financial institutions.

Lendi generates revenue by a combination of upfront and trailing commissions, consistent with the home loan brokerage model. The business has performed very well over the past 12 months, successfully launching the *Lendi* platform in September 2016 and producing top line growth of 100% YoY. In June 2017, *Lendi* announced a joint venture to launch Domain Loan Finder with Domain Group, a leading Australian provider of multi-platform property solutions.

Lendi's success to date has enabled it to capture 1% of the Australian third party home loan market, 20% of the size of Aussie Home Loans. The business is working towards achieving 5% market share of the Australian third party loan market within five years.

Established in 2013, *Lendi* employs over 200 people across Australia, and is headquartered in Sydney.

Valuation 30 June 2017:	$7.2m
Valuation 30 June 2016:	$4.0m
Investment since 30 June 2016:	$1.5m – May 2017
Basis for valuation:	Recent third party investment
Securities held:	Ordinary shares

Rezdy

Rezdy is Australia's leading booking software, channel management tool and B2B marketplace 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* booking software platform also simplifies back-end operations for customers with inventory, scheduling and reservation engines.

Rezdy's B2B marketplace connects tour and activity operators with over 3,800 independent Agents and handles activity and commission payments.

Established in 2012, *Rezdy* has more than 2,000 active customers who have collectively processed more than $1.2bn 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. The B2B marketplace generates revenue through license subscriptions and transaction fees. Approximately 90% of *Rezdy's* revenue is recurring in nature.

Over the past 12 months *Rezdy* demonstrated YoY growth in revenue in excess of 80%, materially increasing its foothold in the US. The company has significantly strengthened its senior leadership team, adding four key hires: a new COO/CFO, Global Customer Success Director, US Head of Sales and Australian Head of Sales. *Rezdy* employs 40 people across its two offices in Sydney (global headquarters) and Las Vegas (US headquarters).

Valuation 30 June 2017:	$4.5m
Valuation 30 June 2016:	$2.7m
Investment since 30 June 2016:	$1.1m
Basis for valuation:	Recent third party investment
Securities held:	Convertible preference shares

Review of Operations (continued)

Instaclustr

Instaclustr is a leading global provider of a management platform and enterprise support solutions for database technologies such as Apache Cassandra, ScyllaDB, Apache Spark and Ellasandra. *Instaclustr* helps companies managing huge data flows and pools to optimally manage their databases. The company addresses a multi-billion dollar fast growing industry underpinned by strong growth in Big Data Analytics investment, particularly within non-relational analytics data store.

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 as 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 2017, with top-line growth in excess of 100% YoY and significant improvement in core margins as the business scales.

The company employs 47 full-time staff across its two offices: its headquarters in Palo Alto, California, and its founding office in Canberra, Australia.

Valuation 30 June 2017:	$4.5m
Investment since 30 June 2016:	$4.0m – November 2016 $0.5m – March 2017
Basis for valuation:	Cost
Securities held:	Convertible preference shares

iPRO

iPRO is a cloud based SaaS platform that helps corporate and government enterprises efficiently manage their vendor compliance risk.

During FY2017 the company focussed on the launch of its new version 7 platform upgrade. This platform upgrade was critical to *iPRO* being able to effectively service its existing customer base and acquire new customers.

Towards the end of FY2017, *iPRO's* product upgrade plans suffered persistent delays and cash reserves diminished. Despite repeated earlier assurances, management informed the *iPRO* board in June 2017 that the new product upgrade would not be ready for its planned launch and that the time to launch of a market ready version was uncertain and still some time away. *iPRO* management's revised launch date was beyond the existing cash reserves of the business.

As a result of *iPRO's* missed June 2017 product launch date and the company's inability to secure further funding, the Board of *iPRO* made the decision to place the trading entity, iPRO Solutions Pty Ltd, into voluntary administration. On 5 July 2017, Grant Thornton was appointed administrator of iPRO Solutions Pty Ltd.

Bailador is a secured creditor of iPRO Holdings and may recover some value as a result of the administration process. Given the uncertainty of this outcome, Bailador has written its investment in *iPRO* down to zero.

Valuation 30 June 2017:	$0m
Valuation at 30 June 2016:	$8.5m
Additional investment since 30 June 2016:	$1.0m – September 2016 $1.6m – November 2016 $1.5m – March 2017
Basis for valuation:	Fully impaired
Securities held:	Convertible preference shares and ordinary 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 2017, BTI invested $0.75m in Viostream. Refer to the Company's July 2017 NTA release at www.bailador.com.au 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, invest or 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 2017 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

Mr. Andrew Bullock was re-elected to the Board at the Company's Annual General Meeting held on 13 October 2016.

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 2017, 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 to:

- 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 2017. The information in the preceding operating and financial review forms part of this Directors' Report for the year ended 30 June 2017 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 2017:

	$
Taxation services	$28,050
	$28,050

Auditor's Independence Declaration

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

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.
- Appointed Company Secretary 10 November 2015.

Meetings of Directors

During the period, 9 meetings of directors and 4 committee meetings 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	9	9	3	3	1	1
Paul Wilson	9	9	3	3	1	1
Andrew Bullock	9	8	3	3	1	1
Sankar Narayan	9	9	3	3	1	1
Heith Mackay-Cruise	9	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 2017 and no performance fee has been accrued for payment. The performance fee relating to gains in the financial year to 30 June 2016 was paid in cash to the Manager in line with the agreement to only make performance fee payments out of realised gains. The cash performance fee payments made to the Manager during the financial year ended 30 June 2017 were paid from the proceeds of the partial realisation of SiteMinder in December 2015.

Amounts paid or payable to the Manager relating to the year ended 30 June 2017 are as follows:

Base management fee	$2,316,209
Performance fee	–
Reimbursement of portfolio management expenses	$66,145

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 2016	Shares acquired under SPP	Net number of shares acquired	Net number of shares disposed	Balance at 30 June 2017
David Kirk	8,373,278	14,563	–	–	8,387,841
Paul Wilson	3,068,136	–	–	–	3,068,136
Andrew Bullock	410,422	–	–	–	410,422
Sankar Narayan	200,000	–	–	–	200,000
Heith Mackay-Cruise	488,029	14,563	–	–	502,592
	12,539,865	**29,126**	**–**	**–**	**12,568,991**

Directors David Kirk, Paul Wilson, Andrew Bullock and Heith Mackay-Cruise had shares held in mandatory escrow from date of listing in November 2014. These shares were released from escrow in November 2016.

KMP Option Holdings

The number of options issues and held by each KMP of the Company during the financial year is as follows:

	Balance at 30 June 2016	Options Exercised	Net number of options acquired	Net number of options disposed	Options lapsed	Balance at 30 June 2017
David Kirk	–	–	–	–	–	–
Paul Wilson	–	–	–	–	–	–
Andrew Bullock	–	–	–	–	–	–
Sankar Narayan	–	–	–	–	–	–
Heith Mackay-Cruise	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**

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 2016 to 30 June 2017, David Kirk earned $50,000 from SiteMinder and $30,000 from Viostream and $47,312 from DocsCorp. Paul Wilson earned $50,000 from SiteMinder, $30,000 from Viostream, $40,000 from iPRO, $40,000 from Stackla and $37,200 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 15th day of August 2017

Auditor's Independence Declaration

HALL CHADWICK (NSW)

Chartered Accountants and Business Advisers

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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 2017 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: 15 August 2017

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2017

	Note	30 June 2017 $000	30 June 2016 $000
(Decrease)/Increase in value of financial assets	2	(4,158)	18,152
Interest income		343	310
Accounting fees		(156)	(151)
ASX fees		(91)	(52)
Audit fees	6	(61)	(58)
Directors' fees		(192)	(197)
Due diligence costs		(21)	(51)
Independent valuations		(112)	(173)
Legal fees		(78)	(192)
Manager's fees	5	(2,316)	(1,585)
Manager's performance fees	5	–	(2,978)
Registry administration		(25)	(16)
Other expenses		(220)	(335)
(Loss)/Profit before income tax	2	(7,087)	12,674
Income tax expense	3	2,122	(3,810)
(Loss)/Profit for the year		(4,965)	8,864
Other comprehensive income		–	–
Total comprehensive (loss)/income for the year		(4,965)	8,864
Earnings per share			
– basic earnings per share (cents)	7	(4.44)	12.38
– diluted earnings per share (cents)	7	(4.44)	12.38

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Note	As at 30 June 2017 $000	As at 30 June 2016 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	12,517	27,784
Trade and other receivables	9	105	98
TOTAL CURRENT ASSETS		12,622	27,882
NON-CURRENT ASSETS			
Financial assets	4	115,919	92,442
Deferred tax assets	11	7,955	1,283
TOTAL NON-CURRENT ASSETS		123,874	93,725
TOTAL ASSETS		136,496	121,607
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	240	2,776
Current tax liabilities	11	–	1,461
TOTAL CURRENT LIABILITIES		240	4,237
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	11,859	7,512
TOTAL NON-CURRENT LIABILITIES		11,859	7,512
TOTAL LIABILITIES		12,099	11,749
NET ASSETS		124,397	109,858
EQUITY			
Issued capital	12	116,475	96,971
Retained earnings		7,922	12,887
TOTAL EQUITY		124,397	109,858

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2017

	Note	Ordinary Share Capital $000	Share Option Reserve $000	Retained Earnings $000	Total $000
Balance at 1 July 2015		55,379	3,748	4,023	63,150
Comprehensive income					
Profit for the period		–	–	8,864	8,864
Total comprehensive income for the period		–	–	8,864	8,864
Transactions with owners, in their capacity as owners, and other transfers					
Shares and options issued during the year	12	38,382	–	–	38,382
Transaction costs, net of tax		(538)	–	–	(538)
Transfer from share option reserve		3,748	(3,748)	–	–
Total transactions with owners and other transfers		41,592	(3,748)	–	37,844
Balance at 30 June 2016		96,971	–	12,887	109,858
Balance at 1 July 2016		96,971	–	12,887	109,858
Comprehensive income					
Profit for the year		–	–	(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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Note	30 June 2017 $000	30 June 2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(7,294)	(4,312)
Interest received		365	292
Net cash used in operating activities	14	(6,929)	(4,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		(27,637)	(24,568)
Sale of financial assets at fair value through profit and loss		–	5,000
Net cash used in investing activities		(27,637)	(19,568)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of payouts		19,985	38,382
Payments relating to costs of capital raising		(687)	(769)
Net cash provided by financing activities		19,298	37,613
Net (decrease)/increase in cash held		(15,267)	14,025
Cash and cash equivalents at beginning of period		27,784	13,759
Cash and cash equivalents at end of year		12,517	27,784

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 30 June 2017

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 15th August 2017.

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.

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 (i.e. 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 (i.e. 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 (i.e. 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 (i.e. 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.

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 2015 to 30 June 2016.

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 2: Profit For The Year

	30 June 2017 $000	30 June 2016 $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	(4,158)	18,152

During the period, the investment in iPRO was revalued to zero (profit impact -$12,518). In addition Viostream was revalued downwards (profit impact -$6,455). These impairments were offset by gains in six of the ten portfolio companies, most notably SiteMinder (profit impact $9,212) and DocsCorp (profit impact $2,458). Valuation methodology of all financial assets is consistent with the methodology discussed in Note 18 of the financial statements.

Note 3: Tax Expense

	30 June 2017 $000	30 June 2016 $000
a. The components of tax expense comprise:		
Current tax	(4,447)	1,461
Deferred tax	2,325	2,349
	(2,122)	3,810
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax payable as follows:		
(Loss)/Profit for the period before income tax expense	(7,087)	12,673
Prima facie tax payable on profit from ordinary activities before income tax at 30%	(2,126)	3,802
Tax effect of:		
– Other deductions	4	8
Income tax attributable to entity	(2,122)	3,810
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	231
	206	231

Note 4: Financial Assets

	As at 30 June 2017 $000	As at 30 June 2016 $000
SiteMinder	40,500	31,288
Viostream	23,013	28,469
Stackla	12,577	7,449
Straker Translations	8,704	4,576
DocsCorp	7,458	–
SMI	7,414	5,500
Lendi	7,201	4,000
Rezdy	4,547	2,701
Instaclustr	4,505	–
iPRO	–	8,459
	115,919	92,442

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 $2,316,209 of management fees payable to the Manager, of which $56,460 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 $66,145 for travel and other expenses incurred in the management of the investment portfolio.

Note 5: Management Fees (continued)

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 a 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 any performance fees paid or payable to the Manager. The manager was paid a cash payment of $2,480,700 plus GST throughout the year for performance fees accrued in prior years.

Note 6: Auditor's Remuneration

	30 June 2017 $000	30 June 2016 $000
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	61	58
Taxation services	28	17
	89	75

Note 7: Earnings per Share

	30 June 2017 $000	30 June 2016 $000
(Loss)/Profit after income tax	(4,965)	8,864

	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	111,753,525	71,593,968

	Cents	Cents
Basic earnings per share	(4.44)	12.38
Diluted earnings per share	(4.44)	12.38

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 2017 $000	As at 30 June 2016 $000
Cash at bank	12,517	27,784
	12,517	27,784

Note 9: Trade and Other Receivables

	As at 30 June 2017 $000	As at 30 June 2016 $000
CURRENT		
Trade debtors	5	–
GST receivable	46	47
Interest receivable	11	33
Other prepayments	43	18
	105	98

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 2017 $000	As at 30 June 2016 $000
CURRENT		
Trade creditors	135	119
Manager's performance fees accrued	–	2,543
Other payables	105	114
	240	2,776

Note 11: Income Tax

	As at 30 June 2017 $000	As at 30 June 2016 $000
CURRENT		
Income tax payable	–	1,461

	Balance at 1 July 2015 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2016 $000
NON-CURRENT				
Deferred tax liability				
Tax on unrealised gains	1,855	3,199	–	5,054
Tax on acquisition assets on opening	2,860	(402)	–	2,458
	4,715	**2,797**	**–**	**7,512**

	Balance at 30 June 2016 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2017 $000
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 2015 $000	Charged to profit or loss $000	Charged directly to equity $000	Balance at 30 June 2016 $000
Deferred tax asset				
Provisions	244	553	–	797
Transaction costs on acquisitions	28	28	–	56
Transaction costs on equity issue	333	(133)	230	430
	605	**448**	**230**	**1,283**

	Balance at 30 June 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**

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.

Note 12: Issued Capital and Share Option Reserve

Movements in share capital are set out below:

	No.	$
Opening balance at 1 July 2015	62,462,893	55,379,410
Ordinary shares issued following exercise of options	38,382,025	38,382,025
Transfer from share option reserve	–	3,747,774
Less Costs directly attributable to the issue of ordinary shares	–	(538,499)
Closing balance at 30 June 2016	100,844,918	96,970,710
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

Note 12: Issued Capital and Share Option Reserve (continued)

Movements in share option reserve are set out below:

	No.	$
Opening balance at 1 July 2015	62,462,892	3,747,774
Options exercised during the year	(38,382,025)	–
Options lapsed during the year	(24,080,867)	(3,747,774)
Closing balance at 30 June 2016	–	–

	No.	$
Opening balance at 1 July 2016	–	–
Closing balance at 30 June 2017	–	–

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 2017 $000	30 June 2016 $000
Reconciliation of Cash Flow from Operation with Profit after Income Tax		
(Loss)/Profit after income tax	(4,965)	8,864
Non-cash flows in profit:		
Unrealised fair value losses/(gains) on financial assets at fair value through profit or loss	4,158	(18,152)
Increase in trade and other receivables	(7)	(52)
(Decrease)/Increase in trade and other payables	(2,535)	1,850
(Decrease)/Increase in current tax liabilities	(1,461)	1,120
(Decrease)/Increase in deferred tax	(2,119)	2,350
Cash flow from operating activities	(6,929)	(4,020)

Note 15: Contingent Liabilities

There were no contingent liabilities at 30 June 2016 and 30 June 2017.

Note 16: Events After the Reporting Period

In August 2017, BTI invested $0.75m in Viostream. Refer to the Company's July 2017 NTA release at www.bailador.com.au for further details.

Other than the aforementioned investment, no matter or circumstance has arisen since the end of the period that has significantly affected or may significantly affect the operations of the Company, the result 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 2017 $000	30 June 2016 $000
Financial assets			
Cash and cash equivalents	8	12,517	27,784
Financial assets at fair value through profit or loss	4	115,919	92,442
Trade and other receivables	9	105	98
Total financial assets		128,541	120,324
Financial liabilities			
Financial liabilities at amortised cost	10	240	2,776
Total financial liabilities		240	2,776

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 2017	Profit $000	Equity $000
+/- 5% in gain on equity investments	(143)	(143)

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 2017	
	Carrying Amount $000	Fair Value $000
Financial assets:		
Cash and cash equivalents	12,517	12,517
Trade and other receivables	105	105
Financial assets	115,919	115,919
	128,541	128,541
Financial liabilities:		
Trade and other payables	240	240
	240	240

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 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

Note 18: Fair Value Measurement (continued)

Description	Fair Value Measurements at 30 June 2016 Using: 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	–	50,014	42,428
	–	50,014	42,428

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

	Fair Value at 30 June 2016 $000	Valuation Techniques	Range of Unobservable Inputs
Stackla	12,577	Price of recent third party transaction	Price of recent third party transaction
Straker Translations	8,704	Price of recent third party transaction	Price of recent third party transaction
Lendi	7,201	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
Instaclustr	4,504	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 2017 $000	Valuation Techniques	Significant Unobservable Inputs	Range of Unobservable Inputs
SiteMinder	40,500	Revenue multiple	Revenue multiple	6.5x – 8.0x
Viostream	23,014	Cost plus accrued interest Revenue multiple	Interest on convertible notes Revenue multiple	2.5x – 3.5x
DocsCorp	7,457	Revenue multiple	Revenue multiple	2.0x – 3.5x
SMI	7,414	Cost plus accrued interest Revenue multiple	Interest on convertible preference shares Revenue multiple	1.0x – 2.0x
iPRO	–	Internal assessment of fair value	Company placed in administration	N/A

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 2016	42,428
Transfers in from Level 2	36,287
Additions/purchases made during the period	6,973
Gains and losses recognised in profit or loss	(7,302)
Closing balance 30 June 2017	78,386

Note 19: Related Party Transactions

Remuneration paid or payable to key management personnel (KMP) of the Company during the period are $2,508,209 plus reimbursement of expenses of $66,145. 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 2017.

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 31–50, 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 2017 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* from the Chief Executive Officer and Chief Financial Officer.

David Kirk
Director

Paul Wilson
Director

Dated this 15th day of August 2017

Independent Auditor's Report

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Opinion

We have audited the accompanying financial report of Bailador Technology Investments Limited (the Company), which comprises the Statement of Financial Position as at 30 June 2017, 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 of the Company comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 2017 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001

(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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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

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

KEY AUDIT MATTER	*HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER*
Valuation of Investments $116 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, $38 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 $78 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

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

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the 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.
- 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

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

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

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.

Report on the Remuneration Report

HALL CHADWICK (NSW)

BAILADOR TECHNOLOGY INVESTMENTS LIMITED
ABN 38 601 048 275

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

We have audited the remuneration report included in pages 27 to 29 of the directors' report for the year ended 30 June 2017.

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 2017 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: 15 August 2017

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 2017.

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	6,298,170	5.24%
Forsyth Barr Custodians Ltd	4,104,191	3.41%
HSBC Custody Nominees (Australia) Limited	3,564,571	2.96%
Paul Wilson	3,068,136	2.55%
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%
Yolo Limited	1,253,088	1.04%
Ladybird Limited	1,253,088	1.04%
BNP Paribas Nominees Pty Ltd	1,152,722	0.96%
Gwynville Trading Pty Ltd	1,113,782	0.93%
JP Morgan Nominees Australia Limited	1,019,779	0.85%
Mr Paul Anthony Kendrick	999,978	0.83%
Mr Paul Meehan	926,545	0.77%
Mr Jonathan George Edgar	911,487	0.76%
Mr Ralph James Norris	816,250	0.68%
Macareus Pty Ltd	802,114	0.67%
Total	**66,069,134**	**54.94%**

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	6,298,170

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding as at 30 June 2017.

Holding	Numbers of Shareholders	Ordinary Shares Held	% of Issued Shares
1 – 1,000	75	45,165	0.04%
1,001 – 5,000	289	993,634	0.83%
5,001 – 10,000	267	2,351,225	1.96%
10,001 – 100,000	643	22,199,563	18.46%
100,001 and over	137	94,658,244	78.72%
	1,411	**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 2017 is 30.

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 Codes

Shares : BTI

Manager

Bailador Investment Management Pty Ltd

Suite 4, Level 11

6 O'Connell Street

Sydney NSW 2000

(AFSL 400811)

Bailador Technology Investments Limited
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BAILADOR