8common Limited

(ASX:8CO)

and its Controlled Entities

2018 Annual Report

Annual Report for the Year Ended
30 June 2018
ACN 168 232 577

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**Consolidated Statement of*

Our Business

A platform to provide proven software products with product enhancements and growth resources to deliver improved customer service and engagement, product distribution and increase revenue and EBIT.

We are an ASX listed technology software products company that has delivered solutions to S&P/ASX 200 corporations and government bodies in Australia, North America for over 20 years.

Our Products

Expense Management

Corporate Travel

Card Application & Maintenance

PayHERO Payment Gateway

Chairman’s Message

Dear fellow shareholders,

We are pleased to present you the 2018 8common Limited (ASX:8CO) Annual Report. It has been a transformative year for the group as it transitioned into a fintech pure-play. We completed the divestment of Realtors8,strengthened our capital structure via the rights issue and placement exercises and acquired PayHERO to complement our core Expense8 product suite.

Successful completion of the sale of Realtors8 to Cloudaron Group Berhad (Cloudaron) for approximately $4.6m (based on the latest foreign exchange rates) comprised of $470K in cash and $4.13m in shares comprised of:

- Approximately $1.53m in shares not subject to escrow;
- Approximately $1.53m placed in voluntary escrow until 30 June 2020;
- Approximately $1.07m additional payment which is subject to an EBITDA Guarantee and adjusted in accordance with the terms of the Realtors8 SPA, due to be issued in April 2020.

Expense8 has performed to expectation with strong results across new client adoption, usage and revenue. It has clearly established itself as the platform of choice some of its core market segments. The acquisition of PayHERO positions the group to deliver an integrated Payment and Expense Management offering.

The key highlights for the 12 months ended 30 June 2018 include:

- Revenue from continuing operations grew 28% to $2,638,401 (FY17: $2,119,564);
- Cash receipts from operations at $4,190,977 (FY17: $4,003,039);
- EBITDA loss of continuing operations $408,590 (FY17: $876,064);
- Group Loss after tax for the year of $906,981 (FY17: $1,320,540);
- Cash at Bank of $533,594 (FY17: $386,562);
- Repayment of the Convertible Note
- Rights issue raised $1,740,125
- Placement to sophisticated investors raised $300,000

Chairman’s Message (continued)

2nd half marked by surging Expense8 revenue and completion of the Realtors8 divestment

Expense8 revenues grew significantly on the back of new clients and SaaS revenue. Cash receipts grew 31% on a QvQ basis.

- Revenue is up by 28% to 2,614,117 (FY17: $2,038,761)
- SaaS Revenue is up 57% to $1,610,697 (FY17: $1,028,956)
- Successful new client wins include the National Disability and Insurance Scheme (NDIS) Quality and Safeguards Commission, Federals Court of Australia, NSW Department of the Premier and Cabinet, Service NSW and Torres Strait Regional Authority;
- Existing customer migrations to Expense8 include but not limited to NSW Department of Justice, Fremantle Media and University of Canberra, with over 90% of existing customers now migrated to the expense8 platform;
- Federal Government and expense8 shared services offering to other Federal Government agencies gaining momentum across multiple shared services centres.

Core SaaS monthly recurring and transaction based revenue grew 57% from $1.03m to $1.62m due to a combination of new clients and increased usage by existing clients.

The Travel and Credit Card application and maintenance platforms are expected to fuel further growth as additional clients are on-boarded. Revenue models are similar across all platforms with implementation fees and SaaS based monthly platform and transaction fees.

Outlook

This past year has seen the successful execution on 2 important decisions which were to divest our Realtors8 business and to focus on the remaining core asset which is Expense8. The end goal to have a focused business around financial technology leveraging a core product and platform offering with a client base that is highly identifiable with Australian investors has been achieved.

Chairman's Message (continued)

An integrated Procurement Payment and Expense Management offering via the PayHERO acquisition presents a very significant opportunity. We have received very encouraging responses from customers who look forward to us delivering an end to end capability comprising of:

- Credit Card Application and Maintenance;
- Travel and Expense Management; and
- Procurement Payment.

Whilst there is more to be done, we have significantly improved our capital structure via the capital raising exercises which have removed long term debt and brought on new shareholders and improved share liquidity.

Plans for FY 2019

We have identified 3 core objectives for the year ahead:

- Expand adoption of Travel and Credit Card Application and Maintenance platforms amongst existing customers;
- Deliver the integrated Procurement Payment and Expense Management platform to a client;
- Expand business development resources to accelerate new client growth.

We have been very focused on our objectives and executed against them through a challenging environment. We are thankful to our shareholders for your continued support for this Company and have reason to be confident that value has been created and opportunities are well defined. I would like to thank Grant McCarthy and Zoran Grujic who have resigned from the Board for their commitment and contribution. To my fellow Board members, management and colleagues, thank you for your efforts and dedication. We are very excited and look forward to sharing our progress throughout FY2019!

Nic Lim
Executive Chairman

For further information, please contact:

Nic Lim
Executive Chairman
nic@8common.com

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting 8common Limited and its controlled entities for the financial year ended 30 June 2018. The information in the review of operations forms part of this directors' report for the financial year ended 30 June 2018 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of 8common Limited during or since the end of the financial year up to the date of this report:

Grant McCarthy – Non Executive Director (ceased to be a Director 18 July 2018)

Kah Wui "Nic" Lim – Managing Director and Executive Chairman

Zoran Grujic **–** Non Executive Director and Company Secretary (ceased to be a Director 18 July 2018)

Adrian Bunter – Non Executive Director

Nyap Liou "Larry" Gan – Non Executive Director

Particulars of each director's experience and qualifications are set out later in this report.

Principal Activities

The 8common Group's primary business is in the development and distribution of three established software solutions: Expense8, Realtors8 and Perform8. The solutions help companies, their employees and professionals control costs, boost productivity and in the case of Realtors8, generate real estate leads.

Operating Results and Review of Continuing Operations

Over this year, the Group achieved revenue from continuing operations of $2,638,401 (2017: $2,119,564) and a loss after providing for income tax amounting to $982,981 (2017: $1,320,540 loss). The Expense8 results showed strong and steady growth, as new client wins and existing clients continued to transition to the Expense8 enterprise cloud (SaaS) platform from older annual contracts.

Financial Position

The net assets of the Group are $6,040,340 (2017: $4,667,099). The main assets consist of:

- the receivable amount related to the sale of Realtors8 Pte Ltd (and its subsidiaries) of $3,568,000 ($3,180,000 was received on 7th August 2018 and a further $388,000 to be received as deferred consideration) and
- Intangible assets of $2,716,650 (2017: $3,203,826) that are made up of Goodwill $1,225,108 (2017: $1,225,108) & Intellectual Property and Development costs $1,491,542 (2017: $1,973,918)

With the net current assets at balance date of $2,763,512 (2017: $1,249,249), the Directors believe there are reasonable grounds that the Group will be able to continue as a going concern after consideration of the following factors: the current business development prospects show an increase in activity that should lead to increasing ongoing revenue; there has been a significant reduction of debt, with no long-term debt in the business which frees up working capital; the sale proceeds in the form of Cloudaron shares received from the sale of Realtors8 group and the ability of option holders to exercise their options provides another avenue of liquidity, should the business require it; the ability of the Company to raise further funding when required and the Directors remaining committed to the long-term business plan that is contributing to improved results as the business progresses.

Significant Changes in State of Affairs

During the financial year the following significant changes in the state of affairs of the consolidated entity occurred:

- The maturity of the $1,430,000 Convertible Note on 8 January 2018 and the full repayment of the loan back to note holders;
- Increase in contributed equity of $2,394,388 through the issue of shares via a successful placement and, rights issue, as well as options holders exercising their options to acquire ordinary shares;
- Successful completion of the sale of the remaining 90% of Realtors8 Pte Ltd to Cloudaron Group Berhad on the 30 June 2018, for a total consideration of SGD$4,230,000, subject to EBITDA guarantees (refer Note 16).

Events after Reporting Year

On the 4th of July 2018, 8Common successfully received a $225,400 refund claim under the Federal Government's Research and Development (R&D) Tax Incentive Program.

On the 7th of August 2018, 8Common Limited was issued 39,413,450 shares in Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK) as the Tranche 1 payment (SGD$3,180,000) in consideration for the purchase of Realtors8 Pte Ltd (and its subsidiaries) from 8Common Limited.

Future Developments, Prospects and Business Strategies

We have identified 3 core objectives for the year ahead:

- Expand the adoption of Travel and Credit Card Application and Maintenance platforms amongst existing customers.
- Deliver the integrated Procurement Payment and Expense Management platform to a client.
- Expand business development resources to accelerate new client growth.

Environmental Issues

The company takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the consolidated entity has no legal obligation to take corrective action in respect of any environmental matter. The consolidated entity's operations are not subject to significant environmental regulations.

Dividends Paid or Recommended

No dividend has been paid or declared in relation to the financial year ended 30 June 2018.

Indemnifying and insurance of officers

The company has indemnified all current and previous directors of the consolidated entity, the company secretary and certain members of senior management against all liabilities or loss (other than to the company or a related body corporate) that may arise from their position as officers of the company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the company.

During the financial year, 8common Limited paid a premium of $22,850 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group. 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 entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from 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 or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities

Indemnifying and insurance of auditor

The company's insurance contract does not provide cover for the independent auditors of the company or of a related body corporate of the company.

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 committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable by 8common Limited for non-audit services provided by an entity related to the audit firm during the year ended 30 June 2018:

	$
Other assurance services	650
Taxation services	11,849
	11,999

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 13 of the financial report.

Auditor

Walker Wayland NSW Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

Options

At the date of this report, there were 47,882,263 options on issue listed on the Australian Stock Exchange under the stock code 8COO. Grant Date – 08/02/2018, Expiry Date – 08/02/2020 and Exercise Price - $0.035

Information Relating to Directors and Company Secretary

Kah Wui "Nic" Lim	– Managing Director and Executive Chairman
Qualifications	– Bachelor of Commerce (University of Western Sydney) and Bachelor of Law (University of Technology, Sydney)
Experience	– Founder of 8common, investor and Board member of various technology companies over the last 17 years. Co-Founded Catcha.com in 1999, Nic left an operational role in 2003 and remained on the Board member of various subsidiaries until 2010. Nic established a career in finance and advisory until 2012 and was most recently attached to the Fixed Income Sales team within the Investment Bank of Morgan Stanley in Singapore. He was also previously with UBS and Credit Suisse in Hong Kong.
Interest in Shares and Options	– 23,207,002 ordinary shares in 8common Limited and 11,603,501 Options at $0.035 (expiring on 8 February 2020).
Special Responsibilities	– None
Directorships held in other listed entities during the last three years	– None

Nyap Liou "Larry' Gan	– Non-Independent, Non-Executive Director
Qualifications	– Fellow of Association of Certified Chartered Accountants and Certified Management Consultant
Experience	– During his 26 years at Accenture he held many global leadership roles. He was the Accenture Managing Partner of ASEAN from 1993 to 1996 and Managing Partner of Asia from 1997 to 1999. He was a member of the Accenture Global Management Council from 1997 to 2004 and sat on many global management committees, governing partner admission, rewards and compensation. He was also the Managing Partner of Corporate Development, Asia Pacific from 1999 to 2002 and managed the company's multi-billion dollar Venture Fund for the Asia Pacific region.
Interest in Shares and Options	– 14,430,576 ordinary shares in 8common Limited.
Special Responsibilities	– Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	– He is a current Board member of Flexiroam Limited, Fatfish Internet Group Limited, Tanjong Plc, Rev Asia Bhd, Cuscapi Bhd, Tropicana Corporation Bhd, Graphene Nanochem Plc and Cloudaron Group Berhad

Adrian Bunter	–	Independent, Non-Executive Director
Qualifications	–	Bachelor of Business (University of Technology, Sydney) and a Graduate Diploma in Applied Finance. Member of Chartered Accountants Australia and New Zealand, Senior Associate of Financial Services Institute of Australia
Experience	–	Adrian has 21 years experience in accounting, finance and a broad range of corporate advisory roles including mergers and acquisitions, divestments of business, debt/equity raisings and strategy development and execution. He is an executive director of Venture Advisory, one of Australia's leading specialist technology, media and telecommunications financial advisory firms and is an executive committee member of Australia's leading angel investing group, Sydney Angels.
Interest in Shares and Options	–	44,000 ordinary shares in 8common Limited and 22,000 Options at $0.035 (expiring on 8 February 2020).
Special Responsibilities	–	Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	–	Non-Executive Director of Collaborate Corporation Limited (ASX: CL8)

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		**Audit Committee**		**Remuneration Committee**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Grant McCarthy	8	7	2	2	1	1
Kah Wui "Nic" Lim	8	8	-	-	-	-
Zoran Grujic	8	8	-	-	-	-
Nyap Liou "Larry' Gan	8	4	2	2	1	1
Adrian Bunter	8	8	2	2	1	1

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for FY2018. The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the remuneration committee

The remuneration committee is a committee of the Board. It is primarily responsible for making recommendations to the Board to ensure 8common's remuneration structures are equitable and aligned with the long- term interests of 8common and its Shareholders. The remuneration committee will have regard to relevant company policies in attracting and retaining skilled executives, and structuring short and long-term incentives that are challenging and linked to the creation of sustainable Shareholder returns.
In relation to remuneration matters, the committee's responsibilities are to ensure that 8common:

- has coherent remuneration policies and practices which enable 8common to attract and retain executives and Directors who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of 8common, the performance of the executives and the general remuneration environment; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet 8common's needs.

The Corporate Governance Statement provides further information on the role of this committee.
The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration.

A. Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its Directors and executives.
To prosper, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure
In accordance with the corporate governance principles and recommendation, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective
The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure
Each Non-Executive Director will receive a fixed fee for being a Director of the Group.

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to Directors are reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. The current aggregate amount as approved by the shareholders is $300,000.

Executive remuneration

Objective
The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and:

- Reward key management personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Remuneration for key management personnel and staff will include an annual review using a formal performance appraisal process. The Remuneration Committee recommends to the Board the level of fixed remuneration each year based on the performance of individuals.

Structure
A policy of the Board is to establish employment or consulting contracts with the Chairman, Chief Executive Officer and other senior executives. At the time of this report there are employment agreements are in place for the members of the Board and senior management.
Current remuneration agreements only consist of fixed remuneration. The Board and senior management are reviewing the remuneration agreements with the view of incorporating long-term equity-based incentives that are subject to satisfaction of performance conditions. The equity-based incentives are intended to retain key executives and reward performance against agreed performance objectives.

Fixed remuneration
The level of fixed remuneration is set as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market. Fixed remuneration comprises of payroll salary, superannuation and

other benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or other benefits.

Remuneration Policy and Performance
The Company is currently reviewing the remuneration policies applicable to the CEO, CFO, COO and CTO as well as the general manager and other senior personnel of the Company in relation to KPI's and extent of remuneration, which is 'at risk'.

The review will assist the Company to better structure remuneration policies in accordance with current trends and practices in corporate remuneration.

Relationship between remuneration policy and company performance
The Company is currently reviewing its remuneration policies as indicated above.

Details of the remuneration of the Directors and other key management personnel (as defined in AASB 124 Related Party Disclosures) of 8common Limited are set out in the following tables.

B. Details of remuneration (audited)

		Post-Employment Benefits			
Name	**Cash salary and fees**	**Superannuation**	**Share based payments**	**Total**	**Performance related**
2018	**$**	**$**	**$**	**$**	**%**
Non-executive directors					
Grant McCarthy	31,250	-	-	31,250	-
Nyap Liou "Larry" Gan	31,250	-	-	31,250	-
Adrian Bunter	31,250	-	-	31,250	-
Zoran Grujic	44,350	-	-	44,350	-
Total non-executive directors	**138,100**	**-**	**-**	**138,100**	**-**
Executive directors and key management personnel					
Kah Wui "Nic" Lim (i)	141,886	-	-	141,886	-
Kadir Kudus (Chief Financial Officer) (ii)	155,000	-	-	155,000	-
Rory Koehler (Chief Technology Officer) (iii)	94,591	**-**	-	94,591	-
Total executive directors & key management	**391,477**	**-**	**-**	**391,477**	-
Total	**529,577**	**-**	**-**	**529,577**	-

(i) Mr Lim is not based in Australia and hence no superannuation is payable on his remuneration.
(ii) Mr Kudus is a consultant Chief Financial Officer and hence no superannuation is payable on his remuneration.
(iii) Mr Koehler is not based in Australia and hence no superannuation is payable on his remuneration.

		Post-Employment Benefits			
Name	**Cash salary and fees**	**Superannuation**	**Share based payments**	**Total**	**Performance related**
2017	**$**	**$**	**$**	**$**	**%**
Non-executive directors					
Grant McCarthy	18,750	-	-	18,750	-
Nyap Liou "Larry" Gan	18,750	-	-	18,750	-
Adrian Bunter	18,750	-	-	18,750	-
Zoran Grujic	12,250	-	-	12,250	-
Total non-executive directors	**68,500**	**-**	**-**	**68,500**	**-**

Executive directors and key management personnel					
Kah Wui "Nic" Lim	110,000	-	-	110,000	-
Zoran Grujic	82,192	7,808	-	90,000	-
Kadir Kudus (Chief Financial Officer)	64,000	-	-	64,000	-
Nick Gonios (Chief Executive Officer)	220,000	19,616	-	239,616	-
Rory Koehler (Chief Technology Officer)	20,000	**-**	-	20,000	-
Total executive directors & key management	**496,192**	**27,424**	**-**	**523,616**	-
Total	**564,692**	**27,424**	**-**	**592,116**	**-**

C. Service agreements

Mr Kah Wui "Nic" Lim was appointed as the Executive Chairman and is based in Singapore, and reports to the Board by way of an executive service agreement. The appointment of Nic is for an unspecified term. Either 8common or Mr Lim may terminate the appointment with 6 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Lim's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Lim was reviewed during the financial year and comprises a remuneration of $144,000 per annum.

Mr Kadir Kudus was appointed as Chief Financial Officer and is based in Australia under a consulting agreement. Either 8Common or Mr Kudus may terminate the appointment with 1 months' notice.

D. Share-based compensation (audited)

Loans to directors and executives

There were no loans to Directors or executives during or since the end of the year.

Share holdings of key management personnel.

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2018			
Grant McCarthy (i)	550,000	-	550,000
Nyap Liou "Larry" Gan	4,614,631	9,815,945	14,430,576
Adrian Bunter	22,000	22,000	44,000
Kah Wui "Nic" Lim	11,603,501	11,603,501	23,207,002
Zoran Grujic (i)	1,364,000	1,364,000	2,728,000
Total	**18,154,132**	**22,595,254**	**40,749,386**

(i) Grant McCarthy and Zoran Grujic ceased to be directors on 18 July 2018

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2017			
Grant McCarthy	550,000	-	550,000
Nyap Liou "Larry" Gan	4,614,631	-	4,614,631
Adrian Bunter	22,000	-	22,000
Kah Wui "Nic" Lim	11,483,589	119,912	11,603,501
Zoran Grujic	1,364,000	-	1,364,000
Total	**18,034,220**	**119,912**	**18,154,132**

Options holdings of key management personnel.

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options exercised during the year	Balance at the end of the year
2018				
Grant McCarthy	-	-	-	-
Nyap Liou "Larry" Gan	-	4,810,192	(4,810,192)	-
Adrian Bunter	-	22,000	-	22,000
Kah Wui "Nic" Lim	-	11,603,501	-	11,603,501
Zoran Grujic		1,364,000	-	1,364,000
Total	-	**17,799,693**	**(4,810,192)**	**12,989,501**

Description of options/rights issued and remuneration

No options were granted as remuneration in the financial year ended 30 June 2018

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

END OF REMUNERATION REPORT

This Director's report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.

Nic Lim - Managing Director

27 September 2018 Singapore

Walker Wayland NSW
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF 8COMMON LIMITED AND CONTROLLED ENTITIES

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

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Walker Wayland NSW
Chartered Accountants

Richard Woods
Consultant – Registered Company Auditor

Dated this 27th day of September 2018
Sydney

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
REVENUE FROM CONTINUING OPERATIONS	3	2,638,401	2,119,564
OTHER INCOME FROM R&D TAX OFFSET		-	379,067
EXPENSES FROM CONTINUING OPERATIONS			
Cost of sales	4	(467,281)	(209,302)
Employee and contractor costs		(1,882,099)	(2,092,366)
Occupancy expenses		(131,442)	(125,847)
Administration expenses		(255,929)	(178,724)
Computer software/ maintenance		(73,356)	(44,538)
Accounting and legal costs		(163,961)	(114,420)
Marketing costs		(6,557)	(26,017)
Borrowing costs	4	(106,517)	(184,903)
Depreciation and amortisation	4	(638,815)	(472,765)
Impairment losses	14	-	(540,000)
Other expenses from ordinary activities		(66,366)	(43,669)
NET LOSS BEFORE INCOME TAX		**(1,153,922)**	**(1,533,920)**
Income tax expense	5	(136,566)	(13,948)
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,290,488)**	**(1,547,868)**
DISCONTINUED OPERATIONS			
Profit from discontinued operations after tax	8	307,507	227,328
NET LOSS FOR THE YEAR		**(982,981)**	**(1,320,540)**
Other comprehensive income			
Other comprehensive income – translation of foreign subsidiaries		56,659	67,574
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(926,322)**	**(1,252,966)**
Net (loss) attributable to:			
Owners of parent entity		(930,147)	(1,252,966)
Non-controlling interest		3,825	-
		(926,322)	**(1,252,966)**
Earnings per share			
Basic loss per share – cents per share		(1.16)	(2.28)
Diluted loss per share – cents per share		(1.16)	(2.28)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 $	30 June 2017 $
Current assets			
Cash and cash equivalents	10	533,594	382,562
Trade and other receivables	11	337,404	265,176
Other assets	15	55,813	20,117
Receivables from sale of assets	16	3,180,000	-
Assets held for sale		-	3,845,664
Total current assets		4,106,811	4,513,519
Non current assets			
Intangible assets	14	2,716,650	3,203,826
Deferred tax assets	19	182,469	224,035
Deferred consideration	16	388,000	-
Property, plant and equipment	13	38,100	35,335
Total non-current assets		**3,325,219**	**3,463,196**
Total assets		**7,432,030**	**7,976,715**
Current liabilities			
Trade and other payables	17	1,067,353	1,457,008
Unearned revenue		70,814	42,367
Financial liabilities	18	-	1,648,948
Provisions	20	75,045	80,860
Tax liabilities	19	130,087	35,087
Total current liabilities		**1,343,299**	**3,264,270**
Non current liabilities			
Provisions	20	48,391	45,346
Total non current liabilities		**48,391**	**45,346**
Total liabilities		**1,391,690**	**3,309,616**
Net assets		**6,040,340**	**4,667,099**
Shareholders' equity			
Contributed equity	21	9,341,714	7,038,326
Accumulated Losses		(3,301,374)	(2,556,084)
Foreign currency translation reserve	29	-	184,857
Total shareholders' equity		**6,040,340**	**4,667,099**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		4,190,977	4,003,039
Government grants and tax incentives		56,454	379,067
Interest received		567	1,173
Interest paid		(166,036)	(97,644)
Payments to suppliers and employees		(4,521,780)	(4,261,419)
Income tax paid		(63,990)	(9,720)
Net cash (used in) / provided by operating activities	25a	(503,808)	14,496
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non current assets		(10,000)	(11,074)
Payments of deferred consideration		-	(270,440)
Proceeds from 10% Sale of Realtors8 Pte Ltd		210,809	233,802
Net cash provided by / (used in) investing activities		200,809	(47,712)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		1,467,329	-
Proceeds from options		354,265	-
Proceeds from convertible notes		-	285,000
Transaction costs related to issue of shares, convertible notes or options		(115,098)	-
Proceeds from borrowings		-	140,263
Repayment of borrowings		(1,236,891)	(346,417)
Net cash provided by financing activities		469,605	78,846
NET INCREASE IN CASH HELD		166,607	45,630
Cash and cash equivalent at beginning of financial year		382,562	331,558
Effects of changes in exchange rates		(15,575)	5,374
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**533,594**	**382,562**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity	Accumulated Losses	Foreign Currency Reserves	Non-Controlling Interest	Total
	$	$	$	$	$
Opening Balance	7,038,326	(1,235,544)	117,283	-	5,920,065
Comprehensive income					
Loss for the year	-	(1,320,540)	-	-	(1,320,540)
Other comprehensive income	-	-	67,574	-	67,574
Total comprehensive income	**-**	**(1,320,540)**	**67,574**	**-**	**(1,252,966)**
BALANCE AT 30 JUNE 2017	**7,038,326**	**(2,556,084)**	**184,857**	**-**	**4,667,099**
Comprehensive income					
Loss for the year	-	(986,806)	-	3,825	(982,981)
Other comprehensive income	-	-	56,659	-	56,659
Total comprehensive income / (loss)	**-**	**(986,806)**	**56,659**	**3,825**	**(926,322)**
Transfer to retained earnings of reserves on disposal of foreign denominated group	-	241,516	(241,516)	-	-
Derecognition of non-controlling interest upon disposal of Realtors8 Pte Ltd	-	-	-	(3,825)	(3,825)
Issue of shares	2,394,388	-	-	-	2,394,388
Share issue costs	(91,000)	-	-	-	(91,000)
BALANCE AT 30 JUNE 2018	**9,341,714**	**(3,301,374)**	**-**	**-**	**6,040,340**

The accompanying notes form part of these financial statements

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of 8common Limited and its Controlled Entities (the “consolidated group” or “group”).

The financial statements were authorised for issue on 27 September 2018 by the directors of the company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with 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 Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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) Going Concern basis of accounting

The Group has incurred a net loss after tax for the year ended 30 June 2018 of $926.322 (2017: loss of $1,252,966), with the cash outflow used in operating activities of $ 503,808 (2017: cash inflow of $14,496). As at 30 June 2018, the Group has a net current asset position of $2,763,512 (30 June 2017: $1,249,249). The net current asset position as at 30 June 2018 includes the following:

- A receivable (i.e. consideration) from the sale of Realtors8 Pte Ltd (and subsidiaries) to Cloudaron Group Berhad of 39,413,450 shares in Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK) to the value of approximately $3,180,000 as a Tranche 1 payment. The shares were received on 7th August 2018.
- a ATO tax debt of $372,513 (2017: $697,532) (relating to PAYG Withholding and Net GST liabilities owing) which is included in trade and other payables (Note 17).

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Group being successful in:

- generating sufficient cash surpluses from operations resulting from meeting revenue forecasts
- selling their investment in Cloudaron Shares to create liquidity should the need arise
- receiving cash proceeds from 8common option holders exercising their options (the number of options as at 31 August 2018 is 46,733,911 with an estimated exercise value of $1,635,000 should all the options be exercised)
- receiving financial support from its directors and shareholders

The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The current business development prospects show an increase in activity and should lead to increasing ongoing revenue;
- The has been a significant reduction of debt, with no long-term debt in the business which frees up working capital;
- Sale proceeds in the form of Cloudaron shares from the sale of Realtors8 group and option holders exercising their options provides another avenue of liquidity should the business require it;
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses; and
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results.

Furthermore, the Directors have the option of seeking further funding to support working capital and the business development activities of the Group by way of equity or debt finance. The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to optimise the Group’s performance.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Going Concern basis of accounting (cont)

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Company and therefore the Group to continue as a Going Concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group and company not continue as going concerns.

b) Significant accounting judgments, estimates and assumptions

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect the financial results or the financial position reported in future years.

Key estimates

i. Impairment – Intangibles

The Group assesses impairment at the end of each reporting year by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

The impairment models for intangible asset balances incorporate growth rates in Australian (Expense8 and Perform8) revenues and expenses have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. The rates used incorporate an allowance for inflation. Pre-tax discount rates have been used in all models. These assets are considered to be sensitive to these assumptions and are carried in the statement of financial position at a written-down value of $2,623,144 (2017: $3,203,826). The blended average revenue growth rate of 10.9% has been used for the periods 2019 to 2023. A terminal growth rate of 2.5% has been used.

No impairment has been recognised in relation to the intangible assets for the year ended 30 June 2018.

Goodwill impairment is considered sensitive to the 2019 to 2023 revenue growth rate assumptions. The average growth rate would need to reduce to less than 9.0% for the period, with the WACC remaining at 12.3%, for an impairment of the intangible assets to occur on the reporting date. Alternatively, if the growth rate forecast for 2019 of 15% is not changed, the average growth rate would need to reduce to less than 7.4% for the periods 2020 to 2023, with the WACC remaining at 12.3%, for an impairment of the intangible assets to occur on the reporting date. The WACC would need to be increased from 12.3% to 19.7%, with the average growth rate remaining at 10.9%, before an impairment write-down would need to be recognised for the year ended 30 June 2018.

ii. Provision for impairment of receivables

The directors have considered the recoverability of all trade receivable balances and they are of the opinion that no impairment provision is necessary. This estimate is based on their judgment.

iii. Intellectual Property – Software useful lives

Expense8 and Perform8 Software is recognised at the cost of acquisition. These assets are deemed to have an infinite useful life, however the directors based on their estimates and judgments have assessed a useful life of 5 years and are carried at cost less accumulated amortisation and any impairment losses.

iv. Capitalised Development Costs

Judgment is required in distinguishing the research and development phases of a new software development project. It is also required in determining whether the recognition requirements for the capitalisation of development costs are met. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Significant accounting judgments estimates and assumptions (cont)

Capitalised developments costs –- as disclosed in Note 14 'Intangible Assets' of $1,054,026 (2017: $1,204,601) have been capitalised on the basis that management expects future economic benefits to be derived by the Group. Capitalised development costs are being amortised over a period of 5 years, which is commensurate with managements' expectations as to the period of expected future economic from the product development.

c) Discontinued Operations Accounting Policy

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in Note 8. The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

d) 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, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

e) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-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.

f) Property, Plant and Equipment

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

The carrying amount of property, plant and equipment is reviewed annually by officers of the 8common Group to ensure it is not in excess of the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

g) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of 8common Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Principles of Consolidation (cont)

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. After initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates except for Expense8 Pte Ltd and Perform8 Pte Ltd which is incorporated in Singapore but has a functional and presentation currency of Australian dollars. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

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

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

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

Group companies

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

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained Loss are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Principles of Consolidation (cont)

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the year in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

The accounting for the business combinations is considered provisional.

Intangibles Other than Goodwill

Intellectual Property – Software

Software is recognised at cost of acquisition. These assets are deemed to have an infinite life, however the directors have assessed a useful life of five (5) years and are carried at cost less accumulated amortisation and any impairment losses. These assets will be assessed for impairment on an annual basis.

Development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Travel and Expense Management product development costs are amortised over the period of expected future benefit being 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

h) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the 8common Group prior to the end of the year and which are unpaid. The amounts are unsecured and are paid in accordance with supplier terms.

i) Financial Liabilities

Convertible notes

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

j)Deferred Consideration

Deferred consideration refers to instalment payments for the acquisition of assets or new subsidiaries usually made in the form of Cash and shares, where the balance due after the initial deposit depends on the performance of the business acquired.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) Employee Entitlements

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits

All Australian employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

l) Taxation

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

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 year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, 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.

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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l) Taxation (con't)

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) 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.

Tax Consolidation

8common Limited and its wholly owned Australian subsidiary (Business Information Services (NSW) Pty Limited) have formed an income tax consolidated group under tax consolidation legislation as of 3 March 2014. Each entity in the 8common Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The 8common Group notified the Australian Taxation Office that it had elected to form an income tax consolidated group as of 3 March 2014.

m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

n) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Annual license fees for Australian revenue streams are recognised as revenue upon invoice date as all relevant and significant activities to ensure continued service and functionality of the product have been performed by the company.

Realtor8 license fees are billed on a monthly basis and the revenue from these fees is recognised at the completion of the month.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

The Research and Development grant tax rebate has been recognised as income on a cash basis.

8Common successfully received a $225,400 refund claim on 4 July 2018 under the Federal Government's Research and Development (R&D) Tax Incentive Program. This amount has been recognised as Other Income in the financial year ended 30 June 2019.

o) Consumption Taxes

Revenues, expenses and assets are recognised net of the amount of GST/HST, except where the amount of GST/HST incurred is not recoverable from the Australian Taxation Office (ATO) and The Canadian Taxation Authorities. Receivables and payables are stated inclusive of the amount of GST/HST receivable or payable. The net amount of GST/HST recoverable from, or payable to, the ATO/Canadian Taxation Authorities is included with other receivables or payables in the statement of financial position.

p) New Accounting Standards for Application in Future Periods

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

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p) New Accounting Standards for Application in Future Periods (con't)

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 the provisions on hedge accounting outlined below) 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 Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors anticipate that the adoption of AASB15 may have an impact of the Group's financial statements, in particular, it is likely that the adoption will result in the deferral of the recognition of implementation fees over the period that management believe the service will be provided. However, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p) New Accounting Standards for Application in Future Periods (con't)

- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components

- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

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

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact as the Group's current lease expires on 31 January 2019

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	PARENT ENTITY 2018 $	2017 $
Statement of Financial Position		
ASSETS		
Current assets	215,990	147,940
Non-current assets	5,769,657	5,163,323
TOTAL ASSETS	5,985,647	5,311,263
LIABILITIES		
Current liabilities	426,526	415,907
TOTAL LIABILITIES	426,526	415,907
EQUITY		
Issued capital	9,341,303	7,037,915
Accumulated losses	(3,782,182)	(2,142,559)
TOTAL EQUITY	5,559,121	4,895,356
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(1,639,624)	(602,375)
Total comprehensive loss	(1,639,624)	(602,375)

Guarantees

No cross guarantees existed during the year ended 30 June 2018.

Contingent liabilities

At 30 June 2018, 8common Limited is not responsible for any contingent liabilities of subsidiaries.

Contractual commitments

At 30 June 2018, 8common Limited was not responsible for any contractual commitments of any of its subsidiaries.

NOTE 3: REVENUE FROM CONTINUING OPERATIONS

		Consolidated Group	
		2018 $	2017 $
a.	**Revenue from continuing operations**		
–	License and maintenance fees	2,635,826	2,108,735
–	Interest received from unrelated parties	1,144	1,173
–	Other revenues	1,431	9,656
		2,638,401	**2,119,564**

NOTE 4: EXPENSES FOR THE YEAR

		2018	2017
	Loss before income tax from continuing operations includes the following specific expenses:		
	Expenses		
	Cost of sales	467,281	209,302
	Borrowing costs on financial liabilities not at fair value through profit or loss:		
–	related parties – convertible notes	40,685	60,308
–	unrelated parties	65,832	124,595
		106,517	184,903
	Depreciation	29,217	15,775
	Amortisation	609,598	456,990
		638,815	472.265
	Employee benefits expense:		
–	defined contribution superannuation expense	101,482	167,606
	Rental expense on operating leases	85,214	79,330
	Bad debts expense	-	8,556

NOTE 5: TAX (BENEFIT) / EXPENSE

		Consolidated Group	
		2018 **$**	**2017** **$**
a.	The components of tax (expense)/income comprise:		
	Current tax	(95,000)	(69,590)
	Deferred tax	(41,566)	55,642
	Income tax (expense)/income attributable to entity	(136,566)	(13,948)
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax	(317,329)	(421,828)
	Add:		
	Tax effect of:		
	– share issue costs	34,502	34,502
	– movement in provision	41,566	(55,642)
	Less:		
	Tax effect of:		
	– other	377,827	456,916
	Income tax (benefit) / expense attributable to entity	136,566	13,948
	The applicable weighted average effective tax rates are as follows:	**12%**	**1%**

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2018 **$**	**2017** **$**
Short-term employee benefits	529,577	564,692
Post-employment benefits	-	27,424
Total KMP compensation	529,577	592,116

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

NOTE 7: AUDITORS' REMUNERATION	Consolidated Group	
Remuneration of the auditor, Walker Wayland NSW Chartered Accountants for:	2018 $	2017 $
– auditing or reviewing financial statements	66,904	51,000
– taxation services	11,849	6,744
– Other assurance services	650	920
	79,403	58,664
Remuneration of overseas subsidiary auditors	32,492	69,329

NOTE 8: DISCONTINUING OPERATIONS

During the financial year ended 30 June 2018, the consolidated group disposed Realtors8 Pte Ltd, a content management system (CMS) and customer relationship management (CRM) solution for real estate agents, thereby discontinuing its operations in this business segment.

On 1 July 2017, a Sale and Purchase Agreement was signed to sell 10% of Realtors8 Pte Ltd (completion finalised on 6 November 2017), and the remaining 90% of Realtors8 Pte Ltd sold on 16 February 2018, with the completion being finalised on 30 June 2018.

The financial performance of the discontinued operation, which is included in profit/(loss) from discontinued operations per the statement of profit or loss and other comprehensive income, is as follows:

	2018 $	2017 $
Revenue	1,217,602	1,557,190
Expenses	(1,173,613)	(1,262,148)
Profit before income tax	43,989	295,042
Income tax (expense)/benefit	7,005	(67,714)
Net profit for the year	50,994	227,328
Profit/(loss) attributable to owners of the parent entity	47,169	227,328
Profit/(loss) attributable to non-controlling interest	3,825	-
	50,994	227,328
Profit/(loss) on sale before income tax	260,338	-
Income tax expense	-	-
Profit/(loss) on sale after income tax	260,338	-
Total profit/(loss) from discontinued operation attributable to owners of the parent entity	307,507	227,328
Net cash inflow/(outflow) from operating activities	161,180	191,153
Net cash inflow/(outflow) from investing activities	-	-
Net cash inflow/(outflow) from financing activities	(158,063)	(256,937)
Net decrease in cash generated from discontinued division	3,117	(65,784)

Note 9: LOSS PER SHARE	Consolidated Group 2018 $	2017 $
a. Loss used to calculate basic and diluted loss per share	(982,981)	(1,320,540)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	84,957,077	58,004,155
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	84,957,077	58,004,155

NOTE 10: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	533,594	382,562
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	483,595	331,217
Term deposits	49,999	51,345
	533,594	382,562

NOTE 11: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade and other receivables	337,404	265,176
	337,404	265,176

a. **Provision for Impairment of Receivables**

The directors have considered the recoverability of all trade receivable balances and they of the opinion that no impairment provision is necessary.

b. **Credit Risk**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The Group has no significant credit risk exposure in any country in which the Group trades.

NOTE 11: TRADE AND OTHER RECEIVABLES (continued)

The balances of receivables that are within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms $
			< 30 $	31–60 $	61–90 $	> 90 $	
2018							
Trade and other receivables	337,404	-	98,896	31,960	30,567	-	175,981
Total	337,404	-	98,896	31,960	30,567	-	175,981

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms $
			< 30 $	31–60 $	61–90 $	> 90 $	
2017							
Trade and other receivables	265,176	-	30,866	31,385	11,550	-	191,375
Total	265,176	-	30,866	31,385	11,550	-	191,375

c. **Financial Assets Classified as Loans and Receivables**

	Consolidated Group	
	2018 $	2017 $
Trade and other receivables:		
– total current	337,404	265,176
Financial assets	337,404	265,176

NOTE 12: INTERESTS IN SUBSIDIARIES & ACQUISITIONS

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	**Principal Place of Business**	**Ownership Interest Held by the Group**	
		2018	**2017**
		%	**%**
Business Information Services (NSW) Pty Limited	Australia	100	100
Payhero Holdings Pty Ltd	Australia	100	-
Expense8 Pte Ltd	Singapore	100	100
Perform8 Pte Ltd	Singapore	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2018	**2017**
	$	**$**
Plant and Equipment		
Plant and equipment:		
At cost	202,334	170,352
Accumulated depreciation	(164,234)	(135,017)
	38,100	35,335

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2018	**2017**
	$	**$**
Balance at beginning of year	35,335	28,110
Additions	31,982	23,000
Depreciation expense	(29,217)	(15,775)
Balance at end of year	38,100	35,335

NOTE 14: INTANGIBLE ASSETS

	Note	30 June 2018 $	30 June 2017 $
Goodwill arising on acquisition of Business Information Services (NSW) Pty Limited		1,225,108	1,225,108
Total Goodwill		**1,225,108**	**1,225,108**
Trademark for Expense8 & 8common		4,800	4,800
Total Trademarks		**4,800**	**4,800**
Intellectual property – Expense8		833,000	833,000
Less: accumulated amortisation		(680,284)	(513,683)
		152,716	319,317
Development Costs		1,427,413	1,314,991
Less: accumulated amortisation	(i)	(373,387)	(110,390)
		1,054,026	1,204,601
Intellectual property – Payhero		10,000	-
Less: accumulated amortisation		-	-
		10,000	-
Intellectual property – Perform8		900,000	900,000
Less: accumulated amortisation		(630,000)	(450,000)
		270,000	450,000
Total Intellectual Property & Development Costs		**1,486,742**	**1,973,918**
Total Intangibles		**2,716,650**	**3,203,826**

Note:

(i) Travel and Expense Management product development costs are amortised over the period of expected future benefits being 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

NOTE 14: INTANGIBLE ASSETS (continued)

	Goodwill	Acquired Intellectual property	Software Development Costs	Total
	$	$	$	$
Consolidated Group:				
Year ended 30 June 2018				
Balance at the beginning of the year	1,225,108	774,117	1,204,601	3,203,826
Additions	-	10,000	112,422	122,422
Amortisation charge	-	(346,601)	(262,997)	(609,598)
	1,225,108	**437,516**	**1,054,026**	**2,716,650**
Consolidated Group:				
Year ended 30 June 2017				
Balance at the beginning of the year	1,765,108	1,115,917	862,880	3,743,905
Additions	-	4,800	452,111	456,911
Impairment of Goodwill	(540,000)	-	-	(540,000)
Amortisation charge	-	(346,600)	(110,390)	(456,990)
	1,225,108	**774,117**	**1,204,601**	**3,203,826**

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life. Development costs have been amortised since 1 January 2017.

Impairment disclosures

Goodwill is allocated to cash-generating units (CGU) which are based on the Group's reporting segments:

	2018 $	2017 $
Australian CGU – Expense8	1,225,108	1,225,108

The recoverable amount of the Australian CGU above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond 5 years extrapolated using an estimated growth rate. The cash flows are discounted using the company's weighted average cost of capital.

The following key assumptions were used in the value-in-use calculations:

	Terminal Growth	5 year Growth Rate	Discount Rate
Australian CGU	2.5%	10.9% pa	12.3%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated considering historical gross margins as well as estimated weighted average inflation rates over the year, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The blended average revenue growth rate of 10.9% has been used for the periods 2019 to 2023. A terminal rate of 2.5% has been used. Goodwill impairment is considered to be sensitive to the 2018 to 2023 growth rate assumptions. The average growth rate would need to reduce to less than 9% in order for an impairment of the intangible asset to occur at the reporting date.

NOTE 15: OTHER ASSETS

	Consolidated Group	
	2018	**2017**
	$	**$**
CURRENT		
Prepayments	43,681	12,120
GST Paid	12,132	7,997
	55,813	20,117

NOTE 16: CONSIDERATION FROM SALE OF REALTORS8 PTE LTD

	Note	**2018**	**2017**
		$	**$**
Receivables from sale of assets	(i)	3,180,000	-
Deferred consideration	(ii)	388,000	-
		3,568,000	-

Note:

As part of the sale and purchase agreement dated 15 February 2018 of the remaining 90% of Realtors8 Pte Ltd sale to Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK), a total consideration of SGD$4,230,000 was agreed to be paid in 2 tranches as follows:

(i) Tranche 1: Approximately A$3.18 million vide the issuance of 39,413,450 shares of Cloudaron Group Berhad. This was booked accordingly as a receivable as at 30 June 2018 as the sale was completed on that date. The shares were received on the 7th of August 2018; and

(ii) Tranche 2: Approximately A$1.05 million vide the issuance of 13,013,875 shares, subject to the EBITDA Guarantee and adjustments in accordance with the terms of the Realtors8 SPA. The EBITDA Guarantee provided by 8common is that the combined EBITDA of Realtors8 Group for the FYE 31 March 2019 and 31 March 2020 shall be at least SGD$1,050,000. For illustrative purposes, if the EBITDA achieved for the FYE 2019 and FYE 2020 is SGD$900,000, then shares in Cloudaron will be issued to the value of SGD$900,000 to 8common Limited.

NOTE 17: TRADE & OTHER PAYABLES

	Note	Consolidated Group 2018 $	2017 $
Unsecured liabilities:			
Trade payables		84,314	97,283
Sundry payables and accrued expenses		494,581	374,026
Amounts payable to related parties		115,945	52,896
Deposit received for R8 sale		-	235,271
Australian Tax Office - GST & PAYG payable	(i)	372,513	697,532
		1,067,353	1,457,008

Note:

(i) On the 12 of September 2017, management negotiated a payment plan arrangement with the Australian Taxation Office of $28,000 per month until the debt is fully repaid in May 2019 and that all other future obligations are paid on time.

a. **Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables:		
– total current	1,067,353	1,457,008
– total non-current	-	-
Financial liabilities as trade and other payables	1,067,353	1,457,008

NOTE 18: FINANCIAL LIABILITIES

	Note		
CURRENT			
Unsecured liabilities:			
Short Term Loan	(i)	-	140,263
Convertible notes and accrued interest	(ii)	-	1,508,685
		-	1,648,948

Note:

(i) The short term loan has been fully repaid during the financial year

(ii) The convertible notes have been fully repaid during the financial year.

NOTE 19: TAX

	Consolidated Group	
CURRENT	2018 $	2017 $
Income tax payable	130,087	35,087
NON CURRENT		
Deferred tax asset	182,469	224,035

Deferred tax asset

	Opening Balance	Charged to Income	Charged Directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	$	$	$	$	$	$
NON-CURRENT						
Deferred tax assets						
Provisions	155,027	(7,064)	-	-	-	147,963
Share issue costs	69,008	(34,502)	-	-	-	34,506
Balance at 30 June 2018	224,035	(41,566)	-	-	-	182,469
NON-CURRENT						
Deferred tax assets						
Provisions	99,385	55,642	-	-	-	155,027
Share issue costs	103,510	(34,502)	-	-	-	69,008
Balance at 30 June 2017	202,895	21,140	-	-	-	224,035

NOTE 20: PROVISIONS

Analysis of total provisions

	Consolidated Group	
	2018 $	2017 $
Current – leave	75,045	80,860
Non-current – leave	48,391	45,346
	123,436	126,206
Balance at beginning of year	126,206	140,522
Additions in the year/(amounts used)	(2,770)	(14,316)
Balance at end of year	123,436	126,206

NOTE 20: PROVISIONS (continued)

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of the annual leave balance classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(i).

NOTE 21: ISSUED CAPITAL

	Date	Price	No.	$
Opening Balance			58,004,155	7,038,326
Shares issued	2 February 2018	$0.03	10,000,000	300,000
Shares issued	8 February 2018	$0.03	25,499,884	764,997
Shares issued	15 February 2018	$0.03	32,504,238	975,126
Shares issued	1 May 2018	$0.035	3,145,001	110,075
Shares issued	3 May 2018	$0.035	1,000,000	35,000
Shares issued	31 May 2018	$0.035	1,166,666	40,833
Shares issued	4 June 2018	$0.035	4,810,192	168,357
Shares costs		-	-	(91,000)
		Total	**78,125,981**	**2,303,388**
Balance as at 30 June 2018			**136,130,136**	**9,341,714**

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 21: ISSUED CAPITAL (continued)

a. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible notes and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated Group	
	2018	**2017**
	$	**$**
Total borrowings	-	1,648,948
Less cash and cash equivalents	(533,594)	(382,562)
Net Surplus	(533,594)	1,266,386
Total equity	6,040,340	4,667,099
Total capital	9,341,714	7,038,326
Gearing ratio	-	27%

NOTE 22: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable – minimum lease payments:		
– not later than 12 months	50,346	80,834
– between 1 year and 5 years	-	47,614
	50,346	128,448

The property lease is a non-cancellable lease with a 4 -year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of the change in the consumer price index (CPI) or 4% per annum.

NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this annual report.

NOTE 24: OPERATING SEGMENTS

The Group has two (2) reportable segments, as described below, which are the groups strategic business units. The Group has identified its business units based on internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The following summary describes the operations in each of the Group's reportable geographic segments:

- Productivity & Performance (including Expense8 and Perform8): Expense8 is a Travel & Expense management software solution that manages and streamlines the end-to-end processing of employee-generated expenses. By using Expense8, clients' administration of expenses charged to corporate credit cards is made easier. Perform8 is an advanced survey and action planning solution that diagnoses and prioritises areas for improvement across your business. Its unique methodology drives continuous improvement throughout your organisation, maximising employee engagement and boosting productivity levels.
- Realtors8: Realtors8 is a Content Management System (CMS) and Customer Relationship Management (CRM) Solution primarily targeting realtors. The comprehensive solution provides personalised, customer-branded websites, integrated to multiple listing services (MLS), syndication and marketing tools, which enable the realtors to generate traffic, leads and maintain relationships with their clients.

The revenue and net profit figures below are based on the full financial year.

Year ended June 2018	**Performance & Productivity**	**Realtors8**	**Head Office**	**Total**
	$	**$**	**$**	**$**
Total segment revenue	2,638,401	1,217,602	-	3,856,003
Net Profit / (Loss) after tax for the Period	606,910	50,994	(1,897,398)	(1,239,494)
Adjusted EBITDA	1,488,808	74,111	(1,897,398)	(334,479)
Total segment assets				
30 June 2018	3,073,167	-	4,358,863	7,432,030
Total segment liabilities				
30 June 2018	904,132	-	487,558	1,391,690

Year ended June 2017	**Performance & Productivity**	**Realtors8**	**Head Office**	**Total**
	$	**$**	**$**	**$**
Total segment revenue	2,119,564	1,557,190	379,067	4,055,821
Net profit / (loss) after tax for the period	(164,071)	227,328	(1,383,797)	(1,320,540)
Adjusted EBITDA	(74,349)	295,042	(801,715)	(581,022)
Total segment assets				
30 June 2017	2,283,153	3,845,664	1,847,898	7,976,715
Total segment liabilities				
30 June 2017	1,128,998	-	2,180,618	3,309,616

NOTE 25: CASH FLOW INFORMATION

	Consolidated Group 2018 $	Consolidated Group 2017 $
a. **Reconciliation of Cash Flow from Operations with Loss after Income Tax**	(982,981)	(1,320,540)
Non-cash flows in profit:		
- Amortisation	609,598	458,350
- Depreciation	29,217	15,775
- Impairment of Goodwill	-	540,000
- Non-cash interest expense	-	78,685
- Foreign exchange	56,659	67,574
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase) / Decrease in trade and other receivables	(72,228)	167,495
- Increase in other assets	(35,696)	(106,558)
- Increase / (Decrease) in trade payables and accruals	(242,173)	118,707
- Increase in income tax payables	95,000	30,464
- (Increase) / Decrease in deferred tax assets	41,566	(21,140)
- Increase / (Decrease) in provisions	(2,770)	(14,316)
Cash flow from Operating activities	(503,808)	14,496

b. **Acquisition of Entities**

Refer to Note 12: Interests in subsidiaries

c. **Loan Facilities**

For details of the convertible note, refer to Note 18: Financial Liabilities

NOTE 26: EVENTS AFTER THE REPORTING YEAR

8Common Limited were issued 39,413,450 shares in Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK) on the 7th of August 2018 as the Tranche 1 payment (SGD$3,180,000) in consideration for the purchase of Realtors8 Pte Ltd (and subsidiaries) from 8Common Limited

8Common successfully received a $225,400 refund claim on 4 July 2018 under the Federal Government's Research and Development (R&D) Tax Incentive Program

NOTE 27: RELATED PARTY TRANSACTIONS

Related Parties

a. **The Group's main related parties are as follows:**

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is 8common Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

(i) Transactions with directors

During the year ended 30 June 2018, unsecured convertible notes amounting to $350,000 were held by directors at a coupon interest rate of 10%. These convertible notes matured on 8 January 2018 and were redeemed fully. Details of these related party transactions are as follows:

a) Kah Wui "Nic" Lim – $150,000, Nyap Liou "Larry" Gan - $200,000

Interest expense for the year ended 30 June 2018 of $21,096 in relation to above convertible notes is as follows:

b) Kah Wui "Nic" Lim – $9,041, Nyap Liou "Larry" Gan - $12,055

In addition, during the year, operational fees amounting to $124,578 were paid to 8common Sdn. Bhd, a Malaysian company that provides Information Technology services. 8common Sdn. Bhd is controlled by Kah Wui "Nic" Lim.

(ii) Transactions with related party

a) During the year ended 30 June 2018, unsecured convertible notes amounting to $325,000 were held by Zenyen Limited at a coupon interest rate of 10%

Interest expense for the year ended 30 June 2018 of $19,589 in relation to above convertible notes is as follows:

b) Zenyen Limited - $19,589

NOTE 27: Related Party Transactions (continued)

(ii) Transactions with directors (prior year 2017)

During the year ended 30 June 2017, unsecured convertible notes amounting to $350,000 were held by directors at a coupon interest rate of 10%. Details of these related party transactions are as follows:

c) Kah Wui “Nic” Lim – $150,000, Nyap Liou “Larry” Gan - $200,000

Interest expense for the year ended 30 June 2017 of $33,675 in relation to above convertible notes is as follows:

d) Kah Wui “Nic” Lim – $14,432, Nyap Liou “Larry” Gan - $19,243

In addition during the year, the company repaid $45,934 to Kah Wui “Nic” Lim of the amount loaned the company. The balance of this loan is nil.

Operational fees amounting to $140,574 were paid to 8common Sdn. Bhd, a Malaysian company that provides Information Technology services. 8common Sdn. Bhd is controlled by Kah Wui “Nic” Lim.

NOTE 28: FINANCIAL RISK MANAGEMENT

The Group’s financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, account receivable and payable, loans to and from subsidiaries, bills and leases.

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

	Note	Consolidated Group	
		2018 **$**	**2017** **$**
Financial assets			
Cash and cash equivalents	10	533,594	382,562
		533,594	382,562
Trade and other receivables	11	337,404	265,176
		337,404	265,176
Total financial assets		870,998	647,738
Financial Liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	17	1,067,353	1,457,008
- borrowings	18	-	1,648,948
Total financial liabilities		1,067,353	3,105,956

NOTE 28: Financial Risk Management (continued)

Financial Risk Management Policies

The Audit Committee has the responsibility of managing the financial risk exposures of the consolidated group. The consolidated entity's activities expose it to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the consolidated group. The consolidated groups has adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The carrying amounts of financial assets recorded in the financial statements, net of any allowance for losses, represent the consolidated entity's maximum exposure to credit risk.

b. **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	2018	**2018**	**2018**	**2018**
Consolidated Group	**$**	**$**	**$**	**$**
Financial liabilities due for payment				
Trade payables	1,067,353	-	-	1,067,353
Convertible notes & Short term loans	-	-	-	-
Total contractual outflows	1,067,353	-	-	1,067,353

	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	2017	**2017**	**2017**	**2017**
Consolidated Group	**$**	**$**	**$**	**$**
Financial liabilities due for payment				
Trade payables	1,457,008	-	-	1,457,008
Convertible notes & Short term loans	1,648,948	-	-	1,648,948
Total contractual outflows	3,105,956	-	-	3,105,956

NOTE 28: FINANCIAL RISK MANAGEMENT (continued)

d. **Fair values**

The fair values of financial assets and financial liabilities at balance date equate to their carrying values. All financial assets and liabilities are categorised as Level 3 hierarchy assets and liabilities except for cash which is Level 1.

c. **Market risk**

(i) *Interest rate risk:*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. No material interest rate risk exists as the convertible notes have a fixed interest rate of 10%. Interest rate risks on interest earning cash balances are not considered material.

(ii) *Foreign exchange risk:*

The consolidated group is mainly exposed to Canadian Dollar (CAD), Singapore Dollar (SGD) and the US Dollar (USD) as a result of operation of its subsidiaries in those markets or trade in those markets. Foreign currency risk arises when future commercial transactions are recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. At the current transaction levels between the various entities the foreign exchange risk is considered immaterial. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entity's functional currency, no sensitivity analysis has been prepared.

NOTE 29: RESERVES

a. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Consolidated Group	
	2018 **$**	**2017** **$**
Balance as at beginning of the year	184,857	117,283
Movement in reserve	(184,857)	67,574
Balance as at end of the year	-	184,857

NOTE 30: Company Details

The registered office of the company is:

8common Limited
Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

The principal places of business are:

- 8common Limited
  Business Information Services (NSW) Pty Limited
  Suite 803, Level 8
  213 Miller Street
  NORTH SYDNEY NSW 2060
- 8common Limited
  Expense8 Pte Ltd and Perform8 Pte Ltd
  71 Ayer Rajah crescent
  #02-15,
  139951 Singapore

NOTE 31: DIFFERENCES IN LOSS REPORTED COMPARED TO APPENDIX 4E DISCLOSURE

The Appendix 4E reporting included a net loss after tax of ($846,314) and a net asset position of $6,177,008. This 30 June 2018 Annual report discloses a net loss after tax of ($982,981) and a net asset position of $6,040,340. This net loss has increased by $136,667 when compared to the Appendix 4E and is due to:

- a reduction of deferred tax asset from $210,370 to $182,469, resulting in an income tax expense of $27,901
- the recognition of a provision of $32,766
- an Income tax provision of $76,000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of 8common Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 47 are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

……

Kah Wui "Nic" Lim

Director

Dated this 27th day of September 2018

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Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

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60 Castlereagh Street
SYDNEY NSW 2000

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Website: www.wwnsw.com.au

INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS OF 8COMMON LIMITED

REPORT ON THE FINANCIAL REPORT

OPINION

We have audited the accompanying financial report of 8common Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes 1 to 31, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group 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 Group is in accordance with the Corporations Act 2001, including:

I. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its 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 FOR 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 Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matter
Going Concern Basis of Accounting (Note 1a) The Group has incurred a net loss after tax for the year ended 30 June 2018 of $927,322 (2017: loss of $1,252,966) and incurred a cash outflow from operating activities of $503,808 (2017: cash inflow of $14,496). These conditions may cast significant doubt on the entity's ability to continue as a going concern, however, the directors have made the assessment that no material uncertainty exists in relation to the Group's ability to continue as a going concern as a result of the mitigating factors referred to below, accordingly the directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The mitigating factors are reliant on the Group's ability to generate sufficient cash surpluses from operations, selling its investment in Cloudaron shares, continuing to receive financial support from its directors and shareholders and meeting the requirements of the payment plan to settle the outstanding Australian Taxation Office debt. This area is a key audit matter due to the subjectivity and judgment required by management in preparing the cash flow forecast for the period to 12 months from the date of the signing of the financial report, on which the group's ability to continue operating as a going concern has been based.	Our procedures included, amongst others: • assessing management's ability to prepare accurate forecasts by comparing prior year forecasts to actual results; • assessing the forecast growth in revenue by reviewing service contracts signed subsequent to 30 June 2018; • assessing significant forecast cash flow items including the proposed receipt from the sale of Cloudaron shares, receipts from R&D tax refunds and other expense items with reference to our knowledge of the entity; • testing the mathematical accuracy of the cash flow forecast and agreeing the opening cash position to the audited balances; • performing sensitivity analysis in relation to key assumptions including the sales revenue growth rate, the receipts from the sale of Cloudaron shares and incorporating the impact of events that have occurred subsequent to the balance sheet date but prior to the date of the signing of financial report; and • assessing the adequacy of the related disclosures within the financial report.

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Discontinued Operations (Note 8 and Note 16)	
During the year, the group disposed of its investment in the Relators8 real estate listings business. Accordingly, management have separated the profit generated from this business segment from the main operational results contained within the consolidated statement of profit or loss and other comprehensive income and accounted for this separately as 'profit from discontinued operations after tax' of $307,507 (2017: $227,328). The profit from discontinued operations in the consolidated statement of profit or loss and other comprehensive income of $307,507 comprises the profit generated during the year attributable to the owners of the parent entity of $47,169 and the profit on the disposal of the investment of $260,338. In relation to this disposal, the Group has recognised a current receivable of $3,180,000, which was settled via the issuance of shares post year end, and non-current deferred consideration of $388,000 in the consolidated statement of financial position as at 30 June 2018. AASB 5 Non-Current Assets held for Sale and Discontinued Operations requires that an entity presents and discloses information that enable users of the financial report to evaluate the financial effects of discontinued operations. This area is a key audit matter due to the complexity of the calculation of the profit on disposal of the investment, the subjectivity and judgment in estimating the deferred contingent consideration to be recognised and the sale being a related party transaction as it is with a director related entity.	Our procedures included, amongst others: • reviewing the contract for the sale of the 10% interest in the Realtors8 Group; • reviewing the contract for the sale of the 90% interest in the Realtors8 Group; • reviewing documentation in relation to the issuance of the shares subsequent to the year end and considering the reasonableness of the carrying value of the receivable; • assessing the deferred contingent consideration, which is based on future EBITDA, by comparing it to historical data; • reviewing the calculations and disclosures in relation to the discontinued operations; and • reviewing the requirements of the AASB 5 and assessing whether the recognition and disclosure requirements have been satisfied.

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Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Impairment Testing (Note 14) The group has intangible assets recorded on the consolidated statement of financial position at 30 June 2018 of $2,716,650 (2017: $3,203,826). No impairment has been recognised in the year. AASB 136 Impairment of Assets requires that an intangible asset with an indefinite useful life, such as goodwill, is tested annually for impairment and an intangible asset with a definite useful life, such as capitalised development costs, be reviewed for indicators of impairment. This is a key audit matter due to the judgment and assumptions applied in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involves a high degree of estimation and judgment by management.	Our procedures included, amongst others: • assessing managements ability to prepare accurate forecasts by comparing prior year forecasts to actual results; • assessing the assumptions used for the growth rate by comparing the normalised average growth rate from 2013 to 2018 to the growth rate adopted in the impairment model in conjunction with the knowledge and information we have obtained regarding future growth expectations; • assessing the key assumptions for long term growth in the forecast cash flows by comparing them to industry forecasts; • assessing the discount rate applied to reflect the cost of capital of the group. • testing the mathematical accuracy of the value-in-use model; • agreeing the inputs in the value-in-use model to relevant data including approved budgets and latest forecasts; • performing sensitivity analysis in relation to key assumptions including growth rate, discount rate and terminal value; and • assessing the adequacy of the related disclosures within the financial report.
Capitalised Development Costs – Recognition and Carrying Value (Note 14) Capitalised development costs at 30 June 2018 have a net carrying value in the consolidated statement of financial position of $1,054,026 (2017: $1,204,601) in relation to the Expense8 suite of products, of which $112,422 was capitalised during the year ended 30 June 2018. AASB 138 Intangible Assets requires that specific criteria are met in order to capitalise development costs. The costs are being amortised over a period of 5 years as this is the period over which management expects to generate future economic benefits from license sales. This area is a key audit matter due to subjectivity and management judgment applied in the assessment of whether the costs meet the capitalisation criteria and in determining the useful life of the product that forms the amortisation period.	Our procedures included, amongst others: • assessing the group's accounting policy in respect of product development costs for adherence to AASB 138; • testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • recalculating the amortisation expense of assets available for use; • assessing the reasonableness of the amortisation period by reference to comparable market data; and • assessing the adequacy of related disclosures within the financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

DIRECTORS' RESPONSIBILTY 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 Australia Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparations of the financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. 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 than an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included the Directors' Report on pages 10 to 14 for the year ended 30 June 2018. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of 8common Limited for the year ended 30 June 2018, complies with Section 300A of the Corporations Act 2001.

RESPONSIBILITIES

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

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

R Woods

Richard Woods
Consultant – Registered Company Auditor

Dated this 27th day of September 2018, Sydney

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 12 September 2018.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Ordinary
1 – 1,000	19
1,001 – 5,000	9
5,001 – 10,000	101
10,001 – 100,000	177
100,001 and over	97
	403

b. The number of shareholdings held in less than marketable parcels is 6.

c. The names of the substantial shareholders listed in the holding company's register are:

	Shareholder:	Number Ordinary
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,006,245
2	8CAPITA LIMITED	19,199,000
3	ZENYEN LIMITED	8,326,652

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders – Ordinary Shares**

No.	**Name**	**Number**	**%**
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,006,245	14.69%
2	8CAPITA LIMITED	19,199,000	14.10%
3	ZENYEN LIMITED	8,326,652	6.12%
4	AURORA CAPITAL MANAGEMENT AUSTRALIA PTY LIMITED	5,468,096	4.02%
5	CITICORP NOMINEES PTY LIMITED	5,000,967	3.67%
6	PUNTERO PTY LTD	4,516,667	3.32%
7	KAH WUI "NIC" LIM	4,008,002	2.94%
8	TWENTY TEN ENTERPRISES PTY LTD	2,841,667	2.09%
9	MS MEI YUN HUANG	2,760,000	2.03%
10	BNP PARIBAS NOMINEES PTY LTD	2,742,375	2.01%
11	CASTLEREAGH HOLDINGS PTY LTD	2,728,000	2.00%
12	MR ALAN LINDSAY CONIGRAVE	2,607,760	1.92%
13	HO BENG BRIAN WEE	2,590,400	1.90%
14	POH GEOK FLORA LIM	2,281,819	1.68%
15	AURORA CAPITAL MANAGEMENT AUSTRALIA PTY LIMITED	2,125,000	1.56%
16	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,875,000	1.38%
17	OCTIFIL PTY LTD	1,799,431	1.32%
18	MR ALAN CONIGRAVE	1,701,705	1.25%
19	WIMALEX PTY LTD	1,500,000	1.10%
20	JOHN YIK ANN TAN	1,280,000	0.94%
	Total	**95,358,786**	**70.04%**

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Directors	Kah Wui Lim (Chairman) Adrian Bunter Nyap Liou Gan
Chairman and CEO	Kah Wui Lim
Company Secretary	Zoran Grujic
Corporate Governance Statement	Refer to http://www.8common.com/wp-content/uploads/2015/03/Corporate-Governance-Statement1.pdf
Registered Office	Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Principal place of Business	Suite 803, Level 8 213 Miller Street North Sydney NSW 2060
Share Registry	Automic Registry Services Level 3/50 Holt St, Surry Hills NSW 2010
Auditor	Walker Wayland NSW Chartered Accountants Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Stock Exchange Listing	8common Limited and Controlled entities shares are listed on the Australian Securities Exchange (ASX code: 8CO)
Web site	www.8common.com

8common Limited

(ASX:8CO)

info@8common.com

Suite 803, Level 8 213 Miller Street
North Sydney NSW 2060 Australia