

# **IntelliHR Holdings Limited**

**ACN 600 548 516**

**Financial report for the year ended 30 June 2017**

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## Corporate directory

<b>Directors</b>	G A J Baynton <i>M.Econ St, MBA, B.Bus, P.G.Dip. Applied Fin &amp; Inv.</i> A Bellas <i>B.Econ, DipEd, MBA, FAICD, FCPA, FAIM</i> R Bromage <i>B.Bus, CAHRI</i> D Duffield <i>MAICD</i> J Fong <i>BInfTech</i>
<b>Secretary</b>	S M Yeates <i>CA, B.Bus</i>
<b>Principal registered office in Australia</b>	Level 14, 410 Queen Street Brisbane QLD 4000
<b>Auditor</b>	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 <a href="http://www.bdo.com.au">www.bdo.com.au</a>
<b>Solicitors</b>	McCullough Roberson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 <a href="http://www.mccullough.com.au">www.mccullough.com.au</a>
<b>Bankers</b>	Commonwealth Bank of Australia
<b>Website address</b>	<a href="http://www.intellihr.com.au">www.intellihr.com.au</a>

# Directors' report

Your directors present their report on the company for the financial year ended 30 June 2017.

## Directors

The names of the directors in office at any time during, or since the end of, the year are:

Gregory Baynton (Appointed 16 December 2016)

Anthony Bellas (Appointed 16 December 2016)

Robert Bromage

Jamie Duffield (Appointed 16 December 2016)

Jeremy Fong (Appointed 19 October 2016)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Review of Operations

The loss of the company for the financial year after providing for income tax amounted to \$2,274,704 (2016: Loss \$247,648).

In 2017, the focus was on building core infrastructure around our people capability, process innovation and a differentiated customer focus.

Investment was made in developing our sales organisation and the supporting tools we required to both execute and innovate in this area. With an end to end sales organisation now in place, we have created the capacity to grow our business. We identified our ideal customer and orientated our sales and marketing resources towards them. Our technology is the backbone of our success and the engineering team delivered feature enhancements every week to customers, demonstrating our commitment to advancing the platform guided by customer feedback.

Overall, the team and the business operated at a relentless pace working hard to put in the foundations for strong future growth. Our marketplace is highly competitive, however we are pleased with our progress and direction. We have positioned ourselves well and have a good platform to build our business from.

## Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

## Principal Activities

The principal activities of the company during the financial year were the development of an innovative, cloud-based people management platform.

No significant change in the nature of these activities occurred during the year.

## Conversion to a Public Company

On 13 January 2017 intelliHR Holdings Pty Ltd converted to a public company, intelliHR Holdings Limited.

## Events Subsequent to the End of the Reporting Period

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

## Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

## Dividends

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

## Directors Equity Holdings

The number of ordinary shares and options over ordinary shares held by Directors of the group as at the date of this report are shown in the table below. All amounts are shown on a post share subdivision basis.

Name		Balance at the start of the year	Granted / acquired during the year	Other changes during the year*	Balance at the end of the year	Vested 30 June 2017
A Bellas	Shares	690,030	-	-	690,030	N/A
	Options	-	2,774,592	-	2,774,592	462,432
G Baynton	Shares	2,760,150	185,000	-	2,945,150	N/A
	Options	-	2,774,592	-	2,774,592	462,432
J Duffield	Shares	552,030	-	-	552,030	N/A
	Options	-	2,774,592	-	2,774,592	462,432
R Bromage	Shares	1,160,000	-	19,869,475	21,029,475	N/A
	Options	-	3,895,543	-	3,895,543	730,413
J Fong	Shares	-	-	327,945	327,945	N/A
	Options	3,051,000	3,329,524	-	6,380,524	3,675,285

\* On 11 January 2017, IntelliHR Holdings Limited's ultimate holding company, Resource Partners Pty Ltd, did an in-specie distribution to its shareholders, on a pro-rata basis, of its shareholding in IntelliHR Limited.

## Options

At the date of this report, the Company has on issue 20,423,844 options over ordinary shares on issue. 19,367,844 of these options were issued during the current or previous financial year and 1,056,000 have been issued since the end of the financial year.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

## Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor 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.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 6. The auditors were not remunerated for any non-audit services during the year.

This report is made in accordance with a resolution of Directors.

A handwritten signature in dark ink, consisting of a large, stylized 'R' followed by a horizontal line and a small loop.

R Bromage

Director

Brisbane

6 September 2017

# AUDITORS INDEPENDENCE DECLARATION



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## DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF INTELLIHR HOLDINGS LIMITED

As lead auditor of IntelliHR Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of IntelliHR Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D P Wright', with a stylized flourish at the end.

D P Wright  
Director

**BDO Audit Pty Ltd**

Brisbane, 6 September 2017

## Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Revenue from continuing operations	2	79,022	14,473
Other revenue	2	1,922	18,234
		<u>80,944</u>	<u>32,707</u>
<b>Expenses</b>			
Employee benefits expense		719,298	43,523
Directors remuneration		646,786	-
Depreciation and amortisation expense	3	520,073	118,549
Marketing expense		268,749	-
General and administrative expenses		200,742	118,283
<b>Profit before income tax</b>		<u>(2,274,704)</u>	<u>(247,648)</u>
Tax expense	4	-	-
<b>Profit for the year</b>		<u>(2,274,704)</u>	<u>(247,648)</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(2,274,704)</u>	<u>(247,648)</u>
Profit attributable to members of the entity		<u>(2,274,704)</u>	<u>(247,648)</u>
Total comprehensive income attributable to members of the entity		<u>(2,274,704)</u>	<u>(247,648)</u>
<b>Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b>		Cents	Cents
Basic earnings per share	22	(3.94)	(0.62)
Diluted earnings per share	22	(3.94)	(0.62)

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

## Statement of financial position as at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	1,011,542	452,384
Trade and other receivables	8	37,452	7,724
Other assets	9	51,206	44,576
TOTAL CURRENT ASSETS		1,100,200	504,684
NON-CURRENT ASSETS			
Plant and equipment	10	54,920	-
Intangible assets	11	1,480,602	1,277,518
TOTAL NON-CURRENT ASSETS		1,535,522	1,277,518
TOTAL ASSETS		2,635,722	1,782,202
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	228,894	83,792
Provisions	13	112,436	55,393
TOTAL CURRENT LIABILITIES		341,330	139,185
NON-CURRENT LIABILITIES			
Provisions	13	9,968	4,474
TOTAL NON-CURRENT LIABILITIES		9,968	4,474
TOTAL LIABILITIES		351,298	143,659
NET ASSETS		2,284,424	1,638,543
<b>EQUITY</b>			
Issued capital	14	3,751,364	1,687,168
Reserves	15	1,075,146	218,757
Retained earnings		(2,542,086)	(267,382)
TOTAL EQUITY		2,284,424	1,638,543

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*



## Statement of changes in equity for the year ended 30 June 2017

Note	Issued Capital Ordinary \$	Share based payments reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2015</b>	578,633	-	(19,734)	558,899
Profit for the year	-	-	(247,648)	(247,648)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year attributable to members of the entity</b>	-	-	(247,648)	(247,648)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued	1,108,535	-	-	1,108,535
Share-based payments	-	218,757	-	218,757
<b>Total transactions with owners, and other transfers</b>	1,108,535	218,757	-	1,327,292
<b>Balance at 1 July 2016</b>	1,687,168	218,757	(267,382)	1,638,543
<b>Comprehensive income</b>				
Profit for the year	-	-	(2,274,704)	(2,274,704)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year attributable to members of the entity</b>	-	-	(2,274,704)	(2,274,704)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued (net of expenses)	2,064,196	-	-	2,064,196
Share-based payments	-	856,389	-	856,389
<b>Total transactions with owners and other transfers</b>	2,064,196	856,389	-	2,920,585
<b>Balance at 30 June 2017</b>	3,751,364	1,075,146	(2,542,086)	2,284,424

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

## Statement of cashflows for the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		111,730	50,761
Payments to suppliers and employees		(1,043,041)	(211,330)
Interest received		1,350	966
Net cash provided by operating activities	19	(929,961)	(159,603)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Development		(837,761)	(744,259)
Payments for Plant and equipment		(67,127)	-
Proceeds from sale of Plant and equipment		2,000	-
Research and development tax incentive refund		327,811	156,132
Net cash used in investing activities		(575,077)	(588,127)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues		2,064,196	1,108,535
Proceeds from loans received from related parties		-	-
Net cash used in financing activities		2,064,196	1,108,535
Net increase in cash held		559,158	360,805
Cash and cash equivalents at beginning of financial year		452,384	91,579
Cash and cash equivalents at end of financial year	7	1,011,542	452,384

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

## Notes to the financial statements for the year ended 30 June 2017

The financial statements cover intelliHR Holdings Limited and the entities it controlled during the financial year ended 30 June 2017. intelliHR Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 6 September 2017 by the directors of the company.

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 company 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.

The financial statements, except for the cash flow information 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### Going Concern

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

As disclosed in the financial statements, the Group achieved a net loss of \$2,274,704 and net operating cash outflows of \$929,961 for the period ended 30 June 2017. As at 30 June 2017 the Group has cash of \$1,011,542.

The ability of the Group to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Group to successfully raise capital, as and when necessary; and
- the ability to complete successful development and commercialisation of the Group's software platform.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- proven ability of the Group to raise the necessary funding via the issuance of shares as evidenced by raising \$2.1 Million during the financial year; and
- the planned capital raising and IPO.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

## NOTE 1 SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of intelliHR Holdings Limited ('Company' or 'Parent Entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. intelliHR Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### b. Income Tax

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 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 directly to equity instead of 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. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

## NOTE 1 SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

### c. **Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

### d. **Development costs**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over three years, which given the constant and rapid development of the project, management considers to represent the useful life of the project.

### e. **Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## NOTE 1 SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### f. **Employee Benefits**

#### **Short-term employee benefits**

Provision is made for the company'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 company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables 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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

### g. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### i. **Revenue and Other Income**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

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

### j. **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 period 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. Refer to Note 1(c) for further discussion on the determination of impairment losses.

### k. **Trade and Other Payables**

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

## NOTE 1 SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### l. **Goods and Services Tax (GST)**

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

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

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

### m. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

### n. **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Graphitecorp Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### o. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### **Key judgements**

##### *Recognition of Development Costs*

For the purpose of measurement, AASB 138 allows costs incurred in the development stage to be capitalised if certain requirements are met, including:

- It is technically feasible that the intangible asset will be completed so that it will be available for use;
- It is the intention to complete the intangible asset and use it;
- It can be demonstrated that it is probable that the intangible asset will generate future economic benefits;
- There are adequate resources to complete the development of the intangible asset;
- The expenditure attributable to the intangible asset during its development can be measured reliably.

As the company meets all of the above requirements, all costs directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended, have been capitalised.

All costs to maintain the development asset are expensed as incurred.

## NOTE 1 SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Share based payment transactions*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

### p. **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- 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 contracts; and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, 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 lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The new Standard makes significant changes to lessee accounting however it is not expected to significantly impact the Groups financial statements as the Group does not currently have any operating leases in place. This may change in the next financial year.

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

When effective, this Standard 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.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.



**NOTE 2            REVENUE AND OTHER INCOME**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Sales revenue:		
–     Software Solution Sales	79,022	14,473
Other revenue:		
–     Interest received	1,350	966
-     Grant income	-	10,518
-     Other	572	6,750
Total other revenue	1,922	18,234
Total revenue	80,944	32,707

**NOTE 3            PROFIT FOR THE YEAR**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expense	520,073	118,549
Rent expense	57,268	-
Superannuation contributions	52,288	-
Share based payments expensed	660,434	-

**NOTE 4            TAX EXPENSE**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>			
Profit/(loss) before income tax expense		(2,274,704)	(247,648)
Tax at the Australian tax rate of 27.5% (2016 – 30%)		(625,544)	(74,294)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-deductible items		310,469	32,196
Adjustments for current tax of prior periods		(372)	-
Tax rate restatement at 27.5%		4,064	-
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised		311,383	42,097
Income tax expense		-	-
<b>(b) Tax losses</b>			
Unused tax losses for which no deferred tax asset has been recognised		1,337,335	192,323
Potential tax benefit @ 27.5%		367,767	57,697
<b>(d) Deferred tax balances</b>			
The balance comprises temporary differences attributable to:			
Tax losses		367,767	57,697
Accruals		10,659	10,158
Employee entitlements		33,661	17,960
Total deferred tax assets		412,087	85,815
Set-off of deferred tax liabilities pursuant to set off provisions:			
Development assets		(37,859)	(37,051)
Prepayments		(14,082)	-
Net adjustment to deferred tax assets for tax benefits not recognised in profit or loss		(360,146)	(48,764)
Net deferred tax assets		-	-

Unused losses which have not been recognised as an asset, will only be obtained if:

- (i) the group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the group in realising the losses.

**NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION**

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	369,646	325,555
Post-employment benefits	36,017	43,219
Share based payments	350,075	218,757
	<u>755,738</u>	<u>587,531</u>

**Other KMP transactions**

For details of other transactions and loans with KMP, refer to Note 17.

**NOTE 6 AUDITOR'S REMUNERATION**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor:		
– auditing or reviewing the financial report for 2015, 2016 and 2017	40,000	-
– taxation services	-	-
	<u>40,000</u>	<u>-</u>

**NOTE 7 CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
Cash at bank and on hand		1,011,542	452,384
		<u>1,011,542</u>	<u>452,384</u>

**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 at bank and on hand	1,011,542	452,384
	<u>1,011,542</u>	<u>452,384</u>

**NOTE 8            TRADE AND OTHER RECEIVABLES**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
CURRENT			
Trade receivables		12,058	1,350
Other receivables		25,394	6,374
Total current trade and other receivables		<u>37,452</u>	<u>7,724</u>

**Credit risk**

The company has no significant concentration of credit risk with respect to any counterparties or on a geographical basis.

**NOTE 9            OTHER ASSETS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Prepayments	51,206	44,576
Total current other assets	<u>51,206</u>	<u>44,576</u>

**NOTE 10          PLANT AND EQUIPMENT**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
At Cost	65,699	-
Accumulated amortisation	(10,779)	-
Carrying amount	<u>54,920</u>	<u>-</u>

**Movements in Carrying Amounts**

Balance at 1 July	-	-
Additions	67,128	-
Disposals	(1,428)	-
Depreciation expense	(10,779)	-
Balance at 30 June	<u>54,920</u>	<u>-</u>

**NOTE 11            INTANGIBLE ASSETS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Development Costs</b>		
Cost	2,112,057	1,399,678
Accumulated amortisation	(631,455)	(122,160)
Carrying amount	<u>1,480,602</u>	<u>1,277,518</u>
	<b>Development Costs</b>	
	<b>\$</b>	
<b>Reconciliation of the carrying amount</b>		
<b>Year ended 30 June 2016</b>		
Balance at the beginning of the year		542,654
Additions – internally developed		1,009,545
Research and Development tax incentive		(156,132)
Amortisation charge		(118,549)
<b>Carrying amount at 30 June 2016</b>		<u>1,277,518</u>
<b>Year ended 30 June 2017</b>		
Balance at the beginning of the year		1,277,518
Additions – internally developed		1,040,191
Research and Development tax incentive		(327,811)
Amortisation charge		(509,296)
<b>Carrying amount at 30 June 2017</b>		<u>1,480,602</u>

Capitalised development costs represent proprietary knowledge developed internally through the construction of the software platform.

Capitalised development costs have finite useful lives and are amortised on a straight-line basis over three years. The current amortisation charge for development costs is included under depreciation and amortisation expense in the statement of profit or loss.

**NOTE 12      TRADE AND OTHER PAYABLES**

	2017	2016
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	64,339	48,051
Sundry payables and accrued expenses	164,555	35,741
	<u>228,894</u>	<u>83,792</u>

**NOTE 13      PROVISIONS**

	2017	2016
	\$	\$
CURRENT		
Employee benefits	112,436	55,393
Total current provisions	<u>112,436</u>	<u>55,393</u>
NON-CURRENT		
Employee benefits	9,968	4,474
Total non-current provisions	<u>9,968</u>	<u>4,474</u>

**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 and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company 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.

**NOTE 14 ISSUED CAPITAL**

	2017	2016
	\$	\$
65,354,580 (2016: 4,979,858) fully paid ordinary shares	3,751,364	1,687,168
	<u>3,751,364</u>	<u>1,687,168</u>

	2017	2016	2017	2016
	\$	\$	No.	No.
a. <b>Ordinary shares</b>				
At the beginning of the reporting period	1,687,168	578,633	4,979,858	3,450,000
Share split 1:10	-	-	44,818,722	-
Shares issued for cash	2,100,060	1,108,535	15,556,000	1,529,858
Share issue expenses	(35,864)	-	-	-
At the end of the reporting period	<u>3,751,364</u>	<u>1,687,168</u>	<u>65,354,580</u>	<u>4,979,858</u>

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

At shareholder 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.

**b. Capital management**

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and ensure that the company can fund its operations and continue as a going concern.

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

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company'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.

**NOTE 15 RESERVES**

	2017	2016
	\$	\$
Share-based payment reserve	1,075,146	218,757
<i>Movements:</i>		
Balance 1 July	218,757	-
Share-based payments during the financial year	856,389	218,757
Balance 30 June	<u>1,075,146</u>	<u>218,757</u>

The share-based payment reserve is used to recognise:

- (a) the grant date fair value of performance rights issued to Directors
- (b) the grant date fair value of options issued to Directors (refer note 21)

## NOTE 16 CONTINGENT LIABILITIES

At 30 June 2017, intelliHR Holdings Limited did not have any contingent liabilities (30 June 2016: Nil).

## NOTE 17 RELATED PARTY TRANSACTIONS

### Related Parties

The company's main related parties are as follows:

a. **Entities exercising control over the company**

The ultimate parent entity, which exercises control over the company, is Resource Partners Pty Ltd.

b. **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 is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

c. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

e. **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:

	Note	2017	2016
		\$	\$
(i) <i>Purchase of goods and services</i>			
Other related parties:			
A company of which R Bromage is a director provided administration services and office facilities during the year under normal commercial terms and conditions		300,853	301,775



**NOTE 18                    EVENTS AFTER THE REPORTING PERIOD**

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

**NOTE 19                    CASH FLOW INFORMATION**

	2017	2016
	\$	\$
<b>a.      Reconciliation of cash flows from operating activities with profit after income tax</b>		
Loss after income tax	(2,274,704)	(247,648)
Non-cash flows in loss:		
–          depreciation and amortisation	520,073	118,549
-          Share based payments	660,434	-
-          Profit on sale of plant and equipment	(572)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
–          increase in trade and other receivables	(29,727)	(2,588)
-          increase in other assets	(6,630)	(44,576)
–          increase/(decrease) in trade and other payables	131,101	16,660
-          Increase/(decrease) in provisions	70,064	-
Net cash flows from operating activities	<u>(929,961)</u>	<u>(159,603)</u>
<b>b.      Non-cash financing and investing activities</b>		
During the year the Company issued 16,316,844 options to directors and employees as part of their remuneration. The fair value of the options has been calculated to be \$856,389. Of this, \$195,955 has been capitalised to development assets in line with employee salaries.		

**NOTE 20 FINANCIAL RISK MANAGEMENT**

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

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 statements, are as follows:

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents	7	1,011,542	452,384
Trade and other receivables	8	37,452	7,724
<b>Total financial assets</b>		<b>1,048,994</b>	<b>460,108</b>
<b>Financial liabilities</b>			
Trade and other payables	11	228,894	83,792
<b>Total financial liabilities</b>		<b>228,894</b>	<b>83,792</b>

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

**a Credit risk**

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AAA' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

**b Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial assets and financial liabilities mature within one year.

**c Cash flow and fair value interest rate risk**

As the Group has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2017, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$10,115 lower/higher (2016 – change of 100 bps: \$4,524 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

**d Fair Value**

The carrying value of all other assets and liabilities approximate their fair value.

**NOTE 21 SHARE BASED PAYMENTS**

During the current financial year, 16,539,066 share options were granted to directors and employees. Details of the options are set out in the table 1 below.

The Group established the IntelliHR Employee Share Option Plan as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees are entitled to participate in the scheme. Employees are granted options that vest over four years, with an equal proportion vesting every three months. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group.

Options are forfeited on cessation of employment, unless the Board determines otherwise.

The options are issued with a strike price that is determined by the Board.

A summary of the movements of all options issued is as follows (all numbers are shown on a post share subdivision basis):

	Number	Weighted Average Exercise Price
<b>Options outstanding as at 1 July 2015</b>	-	-
Granted	3,051,000	\$0.004
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2016</b>	<b>3,051,000</b>	<b>\$0.004</b>
Granted	16,539,066	\$0.058
Forfeited	(222,222)	\$0.025
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2017</b>	<b>19,367,844</b>	<b>\$0.050</b>
Options exercisable as at 30 June 2017	5,863,821	\$0.032
Options exercisable as at 30 June 2016	3,051,000	\$0.004

There were no share options exercised during the year.

The weighted average remaining contractual life of options outstanding at year end was 5.12 years.

During the current financial year, the terms of the 305,100 share options (3,051,000 post share split) granted to Mr Fong in the prior year, were modified as a result of the 1:10 share split that occurred in December 2017. The modification did not result in any additional benefit to Mr Fong.

The options are granted for no consideration and carry no dividend of voting rights.

When exercisable, each option is convertible into one ordinary shares.

*Fair value of options granted*

The assessed fair value at grant date of options granted during the year ended 30 June 2017 are set out in the table below. The fair value at grant date is independently determined using the Hull-White valuation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

## NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

All options are granted for no consideration. Other model inputs for the options granted during the year ended 30 June 2017 included:

Table 1.	Grant date						
	23/11/16	05/01/17	23/11/16	16/12/16	30/01/17	09/01/17	01/04/17
Number	2,732,223	1,534,116	3,895,543	8,009,184	135,111	88,889	144,000
Exercise price	\$0.01	\$0.04	\$0.20	\$0.01	\$0.04	\$0.04	\$0.04
Vesting	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months	1/16 <sup>th</sup> every 3 months
Expiry date	01/12/21	01/12/21	01/12/21	01/12/21	01/12/21	01/12/21	01/12/22
Volatility	135.13%	135.23%	135.13%	134.63%	134.65%	135.18%	106.10%
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	3.37%	3.39%	3.37%	3.39%	3.39%	3.39%	3.17%
Fair value at grant date	\$0.1251 to \$0.1314	\$0.1010 to \$0.1258	\$0.0957 to \$0.1140	\$0.1255 to \$0.1308	\$0.1152 to \$0.1258	\$0.1157 to \$0.1260	\$0.1115 to \$0.1200

The expected price volatility is based on the historic volatility of comparable companies share transactions over the same period of time as the expected life of the option.

## NOTE 22 EARNINGS PER SHARE

	2017	2016
	Cents	Cents
<b>Basic earnings per share</b>		
Total basic earnings per share attributable to the ordinary equity holders of the Company	(3.94)	(0.62)

### Diluted earnings per share

Total diluted earnings per share attributable to the ordinary equity holders of the Company	(3.94)	(0.62)
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### Reconciliation of earnings used in calculated earnings per share

	2017	2016
	\$	\$
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating based earnings per share	(2,274,704)	(247,658)

### Diluted earnings per share

Profit attributable to the ordinary equity holders of the Company used in calculated diluted earnings per share	(2,274,704)	(247,648)
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### Weighted average number of shares used as the denominator

	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	57,640,509	39,898,625

### Information concerning the classification of securities

#### Share split

On 5 December 2016, the Company did a subdivision of its share capital on a 1:10 basis (share split), as approved by shareholders on the same date, which resulted in the total number of fully paid ordinary shares on issue increasing from 4,979,858 to 49,798,580 shares. The basic and diluted loss per share for the 30 June 2017 and the 30 June 2016 years have been calculated on a post-share split basis.

#### Options

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2017 and 30 June 2016. These option could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 21.

## Directors' Declaration

### In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 29 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'R Bromage', written over a faint circular stamp or watermark.

R Bromage  
Director

Brisbane, 6 September 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of intelliHR Holdings Limited

### Report on the Audit of the Financial Report

#### Opinion

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

In our opinion the accompanying financial report of intelliHR Holdings Limited, 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 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Corporate Directory and Directors' Report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

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

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



### **Auditor's responsibilities for the audit of the Financial Report**

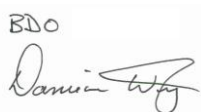
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

### **BDO Audit Pty Ltd**



**D P Wright**  
Director

Brisbane, 6 September 2017