2018

Annual Report

Contents

Corporate directory

Directors	G A J Baynton *M.Econ St, MBA, B.Bus, P.G.Dip. Applied Fin & Inv.* A Bellas *B.Econ, DipEd, MBA, FAICD, FCPA, FAIM* R Bromage *B.Bus, CAHRI* J Duffield *MAICD* J Fong *BInfTech*
Secretary	S M Yeates *CA, B.Bus*
Principal Place of Business	Level 32, 12 Creek Street, Brisbane QLD 4000
Registered Office	C/- McCullough Roberston Central Plaza Two Level 11, 66 Eagle Street Brisbane QLD 4000
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4000 www.linkmarketservices.com.au
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	McCullough Roberson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 www.mccullough.com.au
Bankers	Commonwealth Bank of Australia
Stock exchange listing	intelliHR Holdings Limited shares are listed on the Australian Securities Exchange (ASX).
Website address	www.intellihr.com.au

“intelliHR is a tool that helps with our strategic cultural goal of being a great place to work, with improved engagement, communication and goal management now well on track.”

FUJITSU GENERAL AUSTRALIA

SARAH GATEHOUSE,
NATIONAL MANAGER PEOPLE & CULTURE

Chairman's letter

It is my pleasure to present the Annual Report of intelliHR Holdings Limited for the year to 30 June 2018.

Having commenced operations in 2014, the company achieved a major milestone with two capital raising events, being an October 2017 pre-IPO round and a 23 January 2018 listing which, in total, raised $8.5 million in funds.

As an early stage technology business, intelliHR is in an exciting growth phase and the capital raised has enabled the company to invest in its key product development and sales and marketing capabilities. The company now employs 45 staff, almost half of whom are dedicated to customer acquisition and delivery.

This has enabled the company to achieve positive sales growth that has been driven by the significant expansion of our sales team and the development of a partner program to rapidly increase our reach into the larger markets in Sydney and Melbourne as well the other capital cities of Adelaide and Perth. In addition, the company has successfully entered the New Zealand market.

Customer numbers grew positively over the year, doubling the previous year's customer numbers on platform to 30 Customers. Importantly, there has been a significant increase in velocity of new contracted customer wins from three new customers per quarter to nine per quarter in the latter half of the financial year.

Complementing our direct channel sales capability, the intelliHR Partner Program was also launched in March 2018. It is targeting professional services firms and the HR sector to resell intelliHR or refer business opportunities in return for referral incentives. The partner program is key to intelliHR building a fast scaling distribution channel locally and internationally.

A key competitive advantage is our technology that now incorporates AI based Natural Language Processing capabilities. This includes predictive sentiment analysis and keyword analysis tools that uniquely position intelliHR by supporting customers with intelligence augmentation capabilities, helping them to manage all their unstructured qualitative data flowing through their platform in real-time. We believe this to be an industry first in a HR application, certainly amongst our direct competitors.

In the year ahead, the company's growth strategy will be intensely focussed on building on its market base in Australia as well as seeking expansion opportunities, particularly through the Partner Program, into new markets in Asia, the UK and USA.

I would like to thank Rob and Jeremy and their talented and energetic team at intelliHR for their efforts over the year. As well, I would like to thank my two other Independent Directors, Greg Baynton and Jamie Duffield, for their diligence and support in guiding the company through this exciting phase in its development.

Tony Bellas

Tony Bellas

Chairman

Directors' report

Your Directors present their report on the consolidated entity consisting of intelliHR Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018. Throughout the report, the consolidated entity is referred to as the Group.

Directors and Company Secretary

The following persons were Directors of intelliHR Holdings Limited during the whole of the financial year and up to the date of this report:

G A J Baynton

A Bellas

R Bromage

J Duffield

J Fong

The Company Secretary is Mrs S Yeates. Mrs Yeates was appointed to the position of Company Secretary in 2016. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Principal activities

The principal activities of the Group 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 period.

Dividends

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

Review of operations

intelliHR is an early stage technology business and now entering an exciting growth phase.

In the 2018 FY, intelliHR successfully completed two oversubscribed capital raising events being an October 2017 pre-IPO raising and a December IPO receiving a total of $8,500,000 in funds (less costs). On the 23rd of January 2018, intelliHR was admitted to the official list of the ASX.

Operationally, intelliHR focussed on scaling the sales organisation of the business. Customer numbers grew positively over the year, doubling the previous year's customer numbers on platform to 30 Customers.

This was supported by a significant increase in velocity of new contracted customer wins, which increased from three new customers per quarter to nine per quarter in the latter half of the financial year. Resources in both the Customer Acquisition and Delivery teams were increased to support accelerating sales and sure up capability to onboard new customers into the 2019 Financial Year. intelliHR now employs 45 staff, with 20 staff dedicated to Customer Acquisition & Delivery.

Complementing our direct channel sales capability, the intelliHR Partner Program was also launched in March 2018. It is targeting professional services firms and the HR sector to resell intelliHR or refer business opportunities in return for referral incentives. The partner program is key to intelliHR building a fast scaling distribution channel locally and internationally. intelliHR ended the financial year with ten Australian partners signed up and undertaking training.

Advancements in intelliHR's technology saw AI based Natural Language Processing capabilities come into the platform during the year. This includes predictive sentiment analysis and keyword analysis tools that uniquely position intelliHR by supporting customers with intelligence augmentation capabilities, helping them to manage all their unstructured qualitative data flowing through their platform in real-time. We believe this to be an industry first in a HR application, certainly amongst our direct competitors.

Overall, intelliHR has achieved positive sales growth, matched with a focus to invest into fast scaling growth by increasing sales team capacity and launching a partner program. Our technology has continued to evolve and is being developed with a healthy balance of disruptive innovation and customer feedback. We are very pleased with our progress over the year and excited by what we expect to achieve in 2019.

The loss of the company for the financial year after providing for income tax amounted to $4,678,807 (2017: Loss $2,274,704).

Significant changes in the state of affairs

During the financial year, intelliHR Holdings gained admission to the official list of the Australian Securities Exchange after an Initial Public Offering (IPO) raising $4,500,000. In November 2017, intelliHR Holdings Limited also raised $4,000,000 through the issue of Class A shares.

There were no other significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

Comments on likely developments and expected results of operations are included in the review of operations above.

Events since the end of the financial year

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.

Information on Directors

The following information is current as at the date of this report.

A Bellas. *Chair – Non-executive*

Experience and expertise	Mr Bellas brings almost 30 years of experience in the public and private sectors. Tony was previously CEO of the Seymour Company, one of Queensland's largest private investment and development companies. Prior to joining the Seymour Company, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State's largest electricity generation company, operating over 3,500 MW of gas-fired and coal-fired plant at four locations. Tony had a long career with Queensland Treasury, achieving the position of Deputy Under Treasurer. Tony is a director of the listed companies shown below and is also a director of Loch Exploration Pty Ltd, Colonial Goldfields Pty Ltd and West Bengal Resources (Australia) Pty Ltd.
Other current directorships	Chairman of Corporate Travel Management Ltd (ASX: CTD), ERM Power Ltd (ASX: EPW), Shine Corporate Limited (ASX: SHJ), State Gas Limited (ASX: GAS) and NOVONIX Limited (ASX: NVX). Chairman of the Endeavour Foundation.
Former listed directorships in last 3 years	None.
Special responsibilities	Chairman of the Board Member of the Audit Committee. Member of the Risk Committee.
Interests in shares and options	1,383,678 ordinary shares 2,080,944 options over ordinary shares

G A J Baynton. *Non-Executive Director*

Experience and expertise	Mr Baynton founded Graphitecorp in April 2012. He has been a Director of Australian exploration companies for over 19 years. He is founder and Executive Director of investment and advisory firm, Orbit Capital. Mr Baynton has experience in investment banking, merchant banking, infrastructure investment, IPOs, public company directorships, Queensland Treasury and the Department of Mines and Energy.
Other current directorships	Non-executive Director of Superloop Limited (ASX: SLC). Executive Director of State Gas Limited (ASX: GAS) and NOVONIX Limited (ASX: NVX).
Former listed directorships in last 3 years	None.
Special responsibilities	Chairman of the Audit Committee. Member of the Risk Committee.
Interests in shares and options	3,638,798 ordinary shares 2,080,944 options over ordinary shares.

J Duffield. *Non-Executive Director*

Experience and expertise	Jamie has over 20 years of experience in the IT industry and is the CEO of Revolution IT, a leading quality assurance consulting firm which he co-founded in 2004. He has strong risk, governance and commercial experience with expertise in driving growth through sales, marketing, mergers and acquisitions. Jamie is also a Director of www.crowdsprint.com and a graduate of the Australian Institute of Company Directors.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Chairman of the Risk Committee. Member of the Audit Committee.
Interests in shares and options	2,075,690 ordinary shares 1,387,296 options over ordinary shares.

R Bromage. *Managing Director*

Experience and expertise	Mr Bromage is a HR Professional with 20 years in the industry. An experienced entrepreneur, his entrepreneurial flair and continuous, forward-thinking improvement is fueled by his passion for HR and high-performing business. His career has centered around the field of building validated performance prediction models, developing his expertise in human capital management analytics. He actively researches the future of people management, which drives intelliHR's evolution.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Managing Director.
Interests in shares and options	21,029,475 ordinary shares 3,895,543 options over ordinary shares.

J Fong. *Executive Director*

Experience and expertise	Mr Fong is a passionate CTO specializing in innovative tech startups. He has led successful greenfield software development projects in diverse industries, enabling businesses to create value and achieve a strategic advantage by leveraging emerging technologies.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	None.
Interests in shares and options	3,378,945 ordinary shares 3,329,524 options over ordinary shares.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Full meetings of Directors		Meetings of Audit Committee	
	A	B	A	B
A Bellas	15	15	2	2
G A J Baynton	15	15	2	2
J Duffield	14	15	2	2
R Bromage	15	15	N/A	N/A
J Fong	15	15	N/A	N/A

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Remuneration report (Audited)

The Directors present the intelliHR Holdings Limited 2018 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report

(b) Remuneration policy and link to performance

(c) Elements of remuneration

(d) Link between remuneration and performance

(e) Remuneration expenses for executive KMP

(f) Contractual arrangements for executive KMP

(g) Non-executive Director arrangements

(h) Additional statutory information

Remuneration report (continued)

(a) Key management personnel covered in this report

Non-executive and Executive Directors (see pages 9 to 13 for details about each Director)
A Bellas (Non-executive Chairman)
G A J Baynton (Non-executive Director)
J Duffield (Non-executive Director)
R Bromage (Managing Director)
J Fong (Executive Director)

Changes since the end of the reporting period

P Trappett was appointed Chief Operating Officer on 9 July 2018.

Remuneration report (continued)

(b) Remuneration policy and link to performance

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and conforms with our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Group to attract and retain key talent
- aligned to the Group's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- align with shareholder interests and are acceptable to shareholders

Element	Purpose	Performance metrics	Potential value	Changes for FY 2018
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	None.
STI	Reward for in-year performance	Based on individual KPI's.	50% of TFR.	Introduction of STI's.
LTI	Alignment to long-term shareholder value	Performance vesting conditions	50% of TFR.	Introduction of formal LTI's.

Long term incentives are assessed periodically and are designed to promote long-term stability in shareholder returns.

Assessing performance

The board of directors is responsible for assessing performance against KPIs and determining the LTI to be paid.

Remuneration report (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives receive their fixed remuneration as cash. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2018.

Superannuation is included in FR for executives. FY 2018 is the first year in which the Group has employed.

(ii) Short term incentives

Short term incentives for all key management personnel have been implemented for FY2018. All KMP are eligible to receive a cash bonus of up to 50% of their total fixed remuneration at the end of the financial year subject to the executive achieving the KPIs set for them during the financial year.

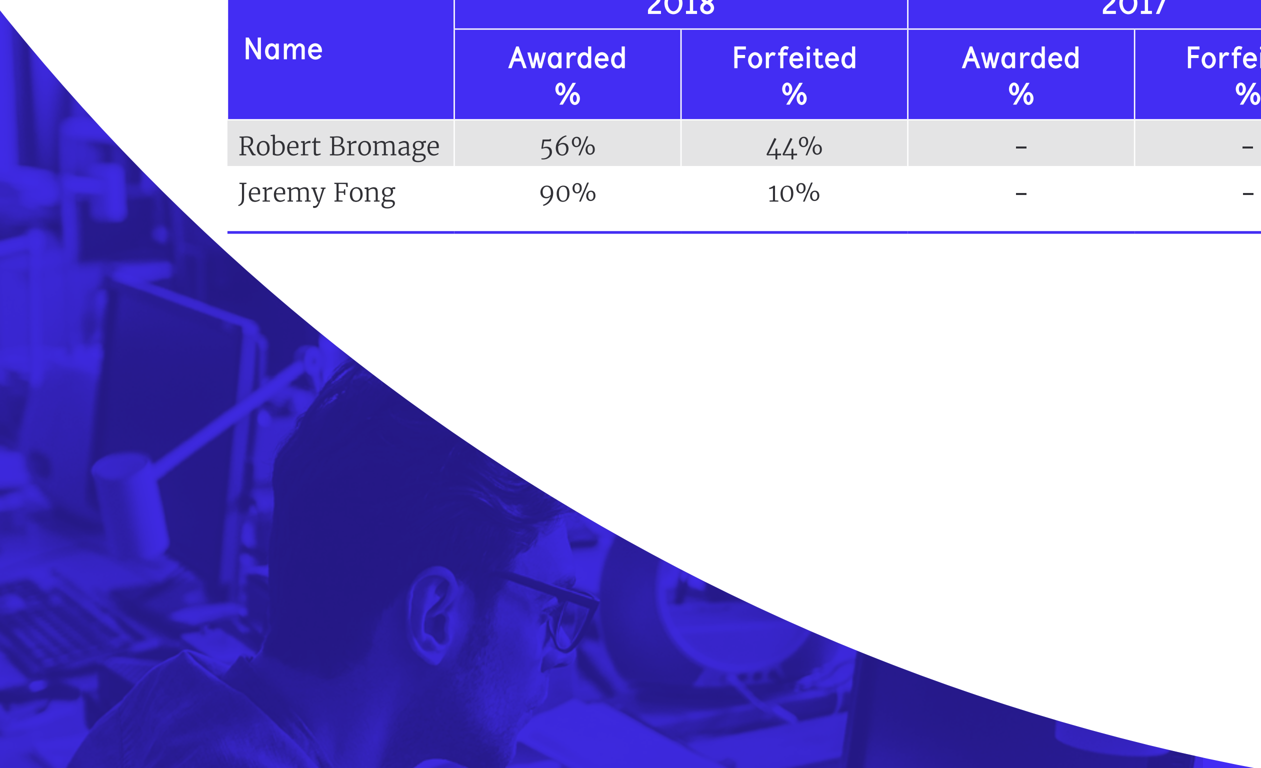
The Group reserves the right to pay any STI in either cash, fully paid ordinary shares or performance rights at the board of director's sole discretion.

If an executive does not achieve each of the KPIs during the financial year, the board shall determine the appropriate pro rate STI to be received by the Executive. The Board of Directors shall make this determination for both the Managing Director and the Executive Director.

For the year ended 30 June 2018, key performance indicators were set for each KMP and were based on the Group objectives including developing culture, execution of business plan, customer growth, brand development, technical product development and talent attraction and retention.

For each KMP short-term incentive, the percentage split of the available bonus awarded and forfeited is disclosed in the following table.

Name	2018		2017	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Robert Bromage	56%	44%	-	-
Jeremy Fong	90%	10%	-	-



Remuneration report (continued)

(iii) Long-term incentives

Executive KMP participate, at the board's discretion, in a performance based long term incentive program (LTI) with a maximum annual benefit of 50% of TFR, which is assessed over a three year period and is payable in shares or performance rights at the discretion of the board. Performance is assessed against an earnings per share growth hurdle, unless otherwise agreed.

Options

There were no options granted to KMP during FY2018.

(d) Link between remuneration and performance

During the year, the Group has generated losses from its principal activity. As the Group is still growing the business, the link between remuneration, Group performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuation in the world market price for gas and general market sentiment towards the sector, and, as such, increases or decreases may occur quite independently of Executive performance.

Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements are as follows:

	Share price
Year end 30 June 2018	26 cents
On admission to ASX - 23 January 2018	30 cents

Remuneration report (continued)

(e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Name	Year	Fixed remuneration				Variable remuneration		Total
		Cash salary	Non-monetary benefits	Annual and long service leave**	Post-employment benefits	Options*	STI	
Executive Directors								
R Bromage	**2018**	265,385	7,033	112,962	25,212	136,932	91,980	639,504
	2017	176,822	6,762	25,314	17,221	174,421	–	400,540
J Fong	**2018**	229,231	–	26,873	21,777	141,861	123,188	542,930
	2017	184,212	–	9,763	17,978	175,655	–	387,608
Non-executive Director								
A Bellas	**2018**	13,083	–	–	1,243	137,246	–	151,572
	2017	–	–	–	–	158,189	–	158,189
G Baynton	**2018**	13,083	–	–	1,243	136,511	–	150,837
	2017	–	–	–	–	155,986	–	155,986
J Duffield	**2018**	13,083	–	–	1,243	137,246	–	151,572
	2017	–	–	–	–	158,189	–	158,189
Total KMP remuneration expensed	**2018**	533,865	7,033	139,835	50,718	689,796	215,168	1,636,415
	2017	361,034	6,762	35,077	35,199	822,440	–	1,260,512

* *Options granted under the executive options plan are expensed over the performance period, which includes the year in which the options are granted and the subsequent vesting period.*

** *Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated provision. They may be negative where a KMP has taken more leave than accrued during the year.*

Remuneration report (continued)

(f) Contractual arrangements with executive KMP's

Component	Executive Director description	MD description	COO description
Fixed remuneration	$273,750	$328,500	$197,100
Contract duration	Ongoing	Ongoing	Ongoing
Notice by the individual / company	6 months	6 months	6 months

(g) Non-executive Director arrangements

All non-executive directors receive fees of $30,000 per annum plus superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 23 January 2018.

The maximum annual aggregate non-executive Directors' fee pool limit is $300,000 and was set out in the 2017 Prospectus.

All Non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration relevant to the office of Director.

(h) Additional statutory information

(i) Performance based remuneration granted, exercised and forfeited during the year

The table below shows for each KMP the value of options that were granted, exercised and forfeited during FY 2018. The number of options and percentages vested/forfeited for each grant are disclosed on pages 21 to 22.

	LTI Options	
	Value granted* $	Value exercised** $
2018		
A Bellas	-	145,666
G Baynton	-	143,307
J Duffield	-	145,666
R Bromage	-	-
J Fong	-	659,016

* *The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration*

** *The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.*

Remuneration report (continued)

(ii) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% vested
23/11/2016	31/12/2016	1/12/2021	$0.01	$0.1251	100%	100%
23/11/2016	31/03/2017	1/12/2021	$0.01	$0.1257	100%	100%
23/11/2016	30/06/2017	1/12/2021	$0.01	$0.1265	100%	100%
23/11/2016	30/09/2017	1/12/2021	$0.01	$0.1273	100%	100%
23/11/2016	31/12/2017	1/12/2021	$0.01	$0.1279	100%	100%
23/11/2016	31/03/2018	1/12/2021	$0.01	$0.1285	100%	100%
23/11/2016	30/06/2018	1/12/2021	$0.01	$0.1290	100%	100%
23/11/2016	30/09/2018	1/12/2021	$0.01	$0.1294	-	-
23/11/2016	31/12/2018	1/12/2021	$0.01	$0.1298	-	-
23/11/2016	31/03/2019	1/12/2021	$0.01	$0.1301	-	-
23/11/2016	30/06/2019	1/12/2021	$0.01	$0.1304	-	-
23/11/2016	30/09/2019	1/12/2021	$0.01	$0.1307	-	-
23/11/2016	31/12/2019	1/12/2021	$0.01	$0.1309	-	-
23/11/2016	31/03/2020	1/12/2021	$0.01	$0.1311	-	-
23/11/2016	30/06/2020	1/12/2021	$0.01	$0.1313	-	-
23/11/2016	30/09/2020	1/12/2021	$0.01	$0.1314	-	-
23/11/2016	31/12/2016	1/12/2021	$0.20	$0.0957	100%	100%
23/11/2016	31/03/2017	1/12/2021	$0.20	$0.0959	100%	100%
23/11/2016	30/06/2017	1/12/2021	$0.20	$0.0970	100%	100%
23/11/2016	30/09/2017	1/12/2021	$0.20	$0.0987	100%	100%
23/11/2016	31/12/2017	1/12/2021	$0.20	$0.1004	100%	100%
23/11/2016	31/03/2018	1/12/2021	$0.20	$0.1022	100%	100%
23/11/2016	30/06/2018	1/12/2021	$0.20	$0.1040	100%	100%
23/11/2016	30/09/2018	1/12/2021	$0.20	$0.1055	-	-
23/11/2016	31/12/2018	1/12/2021	$0.20	$0.1071	-	-
23/11/2016	31/03/2019	1/12/2021	$0.20	$0.1084	-	-
23/11/2016	30/06/2019	1/12/2021	$0.20	$0.1096	-	-
23/11/2016	30/09/2019	1/12/2021	$0.20	$0.1108	-	-
23/11/2016	31/12/2019	1/12/2021	$0.20	$0.1117	-	-
23/11/2016	31/03/2020	1/12/2021	$0.20	$0.1126	-	-
23/11/2016	30/06/2020	1/12/2021	$0.20	$0.1134	-	-
23/11/2016	30/09/2020	1/12/2021	$0.20	$0.1140	-	-
16/12/2016	31/03/2017	1/12/2021	$0.01	$0.1255	100%	100%
16/12/2016	30/06/2017	1/12/2021	$0.01	$0.1263	100%	100%
16/12/2016	30/09/2017	1/12/2021	$0.01	$0.1271	100%	100%

Remuneration report (continued)

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% vested
16/12/2016	31/12/2017	1/12/2021	$0.01	$0.1277	100%	100%
16/12/2016	31/03/2018	1/12/2021	$0.01	$0.1283	100%	100%
16/12/2016	30/06/2018	1/12/2021	$0.01	$0.1288	100%	100%
16/12/2016	30/09/2018	1/12/2021	$0.01	$0.1293	-	-
16/12/2016	31/12/2018	1/12/2021	$0.01	$0.1297	-	-
16/12/2016	31/03/2019	1/12/2021	$0.01	$0.1300	-	-
16/12/2016	30/06/2019	1/12/2021	$0.01	$0.1303	-	-
16/12/2016	30/09/2019	1/12/2021	$0.01	$0.1306	-	-
16/12/2016	31/12/2019	1/12/2021	$0.01	$0.1308	-	-
05/01/2017	31/03/2017	1/12/2021	$0.04	$0.1074	100%	100%
05/01/2017	30/06/2017	1/12/2021	$0.04	$0.1111	100%	100%
05/01/2017	30/09/2017	1/12/2021	$0.04	$0.1138	100%	100%
05/01/2017	31/12/2017	1/12/2021	$0.04	$0.1158	100%	100%
05/01/2017	31/03/2018	1/12/2021	$0.04	$0.1175	100%	100%
05/01/2017	30/06/2018	1/12/2021	$0.04	$0.1190	100%	100%
05/01/2017	30/09/2018	1/12/2021	$0.04	$0.1202	-	-
05/01/2017	31/12/2018	1/12/2021	$0.04	$0.1213	-	-
05/01/2017	31/03/2019	1/12/2021	$0.04	$0.1222	-	-
05/01/2017	30/06/2019	1/12/2021	$0.04	$0.1230	-	-
05/01/2017	30/09/2019	1/12/2021	$0.04	$0.1238	-	-
05/01/2017	31/12/2019	1/12/2021	$0.04	$0.1244	-	-

The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table on page 23. The options carry no dividend or voting rights. See pages 21 to 22 above for conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of intelliHR Holdings Limited.

Remuneration report (continued)

(iii) Reconciliation of options, performance rights, ordinary shares and loan notes held by KMP

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY2018. No options were forfeited during the year.

Options

2018 Name & Grant dates	Balance at the start of the year					Balance at the end of the year		
	Unvested	Vested	Granted as compensation	Vested	Exercised	Vested and exercisable	% Vested	Unvested
A Bellas								
16/12/2016	2,312,160	462,432	-	924,864	693,648	693,648	33%	1,387,296
G Baynton								
16/12/2016	2,050,000	410,000		820,000	615,000	615,000	33%	1,230,000
05/01/2017	262,160	52,432	-	104,864	78,648	78,648	33%	157,296
J Duffield								
16/12/2016	2,312,160	462,432	-	924,864	693,648	693,648	33%	1,387,296
R Bromage								
23/11/2016	3,165,130	730,413	-	973,884	-	1,704,297	44%	2,191,246
J Fong								
02/05/2016	-	3,051,000	-	-	3,051,000	-	-	-
23/11/2016	1,714,375	395,625	-	527,500	-	923,125	44%	1,186,875
05/01/2017	990,864	228,660	-	304,880	-	533,540	44%	685,984

Remuneration report (continued)

Shareholdings

2018 Name	Balance at the start of the year	Issued on exercise of options	Other changes during the year	Balance at the end of the year
Ordinary shares				
A Bellas	690,030	693,648	-	1,383,678
G Baynton	2,945,150	693,648	-	3,638,798
J Duffield	552,030	693,648	136,364*	1,382,042
R Bromage	21,029,475	-	-	21,029,475
J Fong	327,945	3,051,000	-	3,378,945

* *Represents shares purchased under the same terms and conditions of all other shareholders*

(iv) Other transactions with key management personnel

There have been no other transactions with key management personnel.

End of remuneration report (audited)

Shares under option

Unissued ordinary shares

Unissued ordinary shares of intelliHR Holdings Limited under option at the date of this report are as follow:

Date options granted	Expiry date	Exercise price	Number under option
23/11/2016	01/12/2021	$0.01	2,571,120
16/12/2016	01/12/2021	$0.01	5,313,240
05/01/2017	01/12/2021	$0.04	1,568,357
23/11/2016	01/12/2021	$0.20	3,895,543
01/04/2017	31/03/2022	$0.04	60,000
11/08/2017	11/08/2022	$0.02	1,007,000
27/02/2018	14/02/2023	$0.32	384,000
23/07/2018	30/06/2023	$0.30	440,000

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, intelliHR Holdings Limited paid a premium of $65,400 to insure the Directors and secretary of the Company.

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 Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

intelliHR Holdings Limited has not agreed to indemnify their auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2018 **$**	2017 $
Taxation services		
BDO Qld Pty Ltd: Tax compliance services	8,580	-
Other assurance services		
BDO Audit Pty Ltd: Investigating accountants report	12,000	-
Total remuneration for non-audit services	20,580	-

Auditor's independence declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

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

A Bellas
Chairman

Brisbane
29 August 2018

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www.bdo.com.au

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

Declaration of Independence

By R M Swaby to the Directors of intelliHR Holdings Limited

As lead auditor of intelliHR Holdings Limited for the year ended 30 June 2018, 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.

R M Swaby
Director

BDO Audit Pty Ltd
Brisbane, 29 August 2018

Corporate governance statement

intelliHR Holdings Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. intelliHR Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2018 corporate governance statement is dated as at 30 June 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The 2018 corporate governance statement was approved by the board on 29 August 2018.
A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at https://intellihr.com.au/investor-relations/#corporate-governance.

intelliHR

2018

Financial Report

Financial report

INTELLIHR HOLDINGS LIMITED

ACN 600 548 516

These financial statements are for intelliHR Holdings Limited.

The financial statements are presented in the Australian currency.

intelliHR Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

intelliHR Holdings Limited

Level 32, 12 Creek Street

Brisbane QLD 4000

All press releases, financial reports and other information are available at our website: www.intellihr.com.au.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Notes	Consolidated 2018 $	2017 $
Revenue from continuing operations	3	199,482	79,022
Other income	3	114,019	1,922
Employee benefits expense		(2,039,931)	(719,298)
Directors remuneration		(453,981)	(646,786)
Depreciation and amortisation expense		(903,773)	(520,073)
Marketing expense		(672,951)	(268,749)
General and administrative expense		(732,026)	(200,742)
Share issue expenses relating to IPO		(190,646)	-
Loss before income tax expense	4	(4,679,807)	(2,274,704)
Income tax benefit	5	-	-
Loss from continuing operations		(4,679,807)	(2,274,704)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(4,679,807)	(2,274,704)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	(5.34)	(3.95)
Diluted earnings per share	8	(5.34)	(3.95)

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

Consolidated balance sheet – As at 30 June 2018

	Notes	Consolidated 2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	9	1,763,360	1,011,542
Investments	10	3,000,000	-
Trade and other receivables	11	462,320	88,658
Total current assets		5,225,680	1,100,200
Non-current assets			
Plant and equipment	12	76,031	54,920
Intangible assets	13	2,249,518	1,480,602
Total non-current assets		2,325,549	1,535,522
Total assets		7,551,229	2,635,722
LIABILITIES			
Current liabilities			
Trade and other payables	14	612,318	341,330
Total current liabilities		612,318	341,330
Non-current liabilities			
Provisions	15	80,356	9,968
Total non-current liabilities		80,356	9,968
Total liabilities		692,674	351,298
Net assets		6,858,555	2,284,424
EQUITY			
Contributed equity	16	11,915,456	3,751,364
Reserves	17	2,164,992	1,075,146
Accumulates losses		(7,221,893)	(2,542,086)
Total equity		6,858,555	2,284,424

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

Consolidated statement of changes in equity
For the year ended 30 June 2018

	Contributed equity	Share based payments reserve	Accumulated losses	Total
	$	$	$	$
Balance at 1 July 2016	1,687,168	218,757	(267,382)	1,638,543
Loss for the period	-	-	(2,274,704)	(2,274,704)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,274,704)	(2,274,704)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,064,196	-	-	2,064,196
Share-based payments	-	856,389	-	856,389
Balance at 30 June 2017	3,751,364	1,075,146	(2,542,086)	2,284,424
Loss for the period	-	-	(4,679,807)	(4,679,807)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(4,679,807)	(4,679,807)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	8,164,092	-	-	8,164,092
Share-based payments	-	1,089,846	-	1,089,846
Balance at 30 June 2018	11,915,456	2,164,992	(7,221,893)	6,858,555

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

Consolidated statement of cash flows
For the year ended 30 June 2018

	Notes	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		363,323	111,730
Payments to suppliers and employees (GST inclusive)		(3,271,015)	(1,043,041)
Interest received		52,608	1,350
Net cash outflow from operating activities	19(a)	(2,855,084)	(929,961)
Cash flows from investing activities			
Payments for development		(1,725,838)	(837,761)
Payments for plant and equipment		(70,208)	(67,127)
Proceeds from sale of plant and equipment		850	2,000
Research and development tax incentive refund		428,652	327,811
Net cash outflow from investing activities		(1,366,544)	(575,077)
Cash flows from financing activities			
Proceeds on issue of shares		8,570,624	2,064,196
Payment of capital raising costs and listing expenses		(597,178)	-
Net cash inflow from financing activities		7,973,446	2,064,196
Net increase (decrease) in cash and cash equivalents		3,751,818	559,158
Cash and cash equivalents at the beginning of the year		1,011,542	452,384
Cash and cash equivalents at the end of the year	19(b)	4,763,360	1,011,542

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 2018

Note 1 Summary of significant accounting policies

The consolidated financial statements of intelliHR Holdings Limited (the Company) as at and for the year ended 30 June 2018 comprise the company and its controlled entities (the Group).

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.

The financial report has 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 report, the Group achieved a net loss of $4,679,807 (2017: $2,274,704) and net operating cash outflows of $2,825,084 (2017: $929,961) for the year ended 30 June 2018. As at 30 June 2018, the Group has cash of $4,763,360 (2017: $1,011,542).

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

- the ability of the Group to raise capital as and when necessary;
- 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 proven ability of the Group to raise necessary funding via the issue of shares as evidences by the recent pre-IPO and IPO capital raisings and also the increased revenues now being achieved through software sales.

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.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

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.

The financial statements were authorised for issue by the Directors on 29 August 2018. The Directors have the power to amend and reissue the financial statements.

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 2018 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.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

b. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

c. Revenue recognition

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

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

d. Impairment of assets

At the end of each reporting period, the Group 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 Group 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.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

e. 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.

f. 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 - 2 years

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.

g. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1 Summary of significant accounting policies (continued)

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

h. Provisions

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

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes fixed term deposits, which are shown within investments in current assets on the consolidated balance sheet.

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(d) for further discussion on the determination of impairment losses.

k. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

l. Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

m. Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

m. Current and non-current classification (continued)

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

n. Issued capital

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.

o. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of intelliHR Holdings 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.

p. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the balance sheet.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

q. Critical accounting estimates and 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 the 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 Group 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.

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.

Notes to the financial statements for the year ended 30 June 2018

Note 1 Summary of significant accounting policies (continued)

r. New and Amended Accounting Policies Adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and does not expect the standard to have any impact other than expanded disclosure requirements and changes in presentation.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AAB 118 which covers revenue arising from the sale of goods and rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Standard permits either a full retrospective or a modified retrospective approach for the adoption.

On commencement of revenue generation, management adopted the measurement and recognition principles of AASB 15. The only impact upon adoption of the standard will be in the level of disclosure.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Management has assessed the effects of applying the new standard and as the Group does not have any leases greater than 1 year, there will be no impact.

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.

Balance sheet	Notes	**2018 $**	2017 $
ASSETS			
Current assets			
Cash and cash equivalents		1,626,730	1,010,486
Investments		3,000,000	–
Trade and other receivables		201,360	14,626
Total current assets		4,828,090	1,025,112
Non-current assets			
Plant and equipment		76,031	54,920
Intangible assets		2,249,518	1,480,602
Trade and other receivables		–	715,664
Total non-current assets		2,325,549	2,251,186
Total assets		7,153,639	3,276,298
LIABILITIES			
Current liabilities			
Payables		67,507	33,192
Total current liabilities		67,507	33,192
Total liabilities		67,507	33,192
Net assets		7,086,132	3,243,106
EQUITY			
Contributed equity		11,915,456	3,751,364
Reserves		2,164,992	1,075,146
Accumulates losses		(6,994,316)	(1,583,404)
Total equity		7,086,132	3,243,106
Statement of Profit or Loss and Other Comprehensive Income			
Total loss and total comprehensive income		(5,410,912)	(1,293,936)

Notes to the financial statements for the year ended 30 June 2018

Note 2 Parent information (continued)

Guarantees

intelliHR Holdings Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2018, intelliHR Holdings Limited did not have any contingent liabilities (2017: Nil).

Contractual commitments

At 30 June 2018, intelliHR Holdings Limited did not have any contractual commitments (2017: Nil).

Note 3 – Revenue

	2018 $	2017 $
Revenue		
Sales revenue		
Software solution sales	199,482	79,022
Other revenue		
Interest received	52,608	1,350
Other revenue	61,411	572
Total other revenue	114,019	1,922
Total revenue	313,501	80,944

Note 4 – Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

	2018 $	2017 $
Depreciation and amortisation expense	903,773	520,073
Rent expense	158,897	57,268
Superannuation contributions	109,954	52,288
Share based payments expense	880,067	660,434

Notes to the financial statements for the year ended 30 June 2018

Note 5 – Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2018 $	2017 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(4,679,807)	(2,274,704)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	(1,286,947)	(625,544)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible items	454,729	310,469
Tax rate restatement at 27.5%	-	4,064
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	832,218	311,011
Income tax expense / (benefit)	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	4,251,803	1,345,490
Potential tax benefit @ 27.5% (2017: 27.5%)	1,169,246	370,009
(c) Tax expense (income) recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs	-	-

Notes to the financial statements for the year ended 30 June 2018

Note 5 – Income tax expense

	2018 **$**	2017 $
(d) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	1,169,246	369,740
Employee entitlements	88,382	33,661
Share issue costs	137,297	7,890
Accrued expenses	33,294	10,659
Total deferred tax assets	1,428,219	421,950
Set-off of deferred tax liabilities pursuant to set-off provisions	(114,193)	(51,941)
Deferred tax assets not recognised	(1,314,026)	(370,009)
Net deferred tax assets	-	-
(e) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Development assets	36,155	37,859
Interest receivable	6,104	-
Prepayments	71,934	14,082
Total deferred tax liabilities	114,193	51,941
Set-off of deferred tax liabilities pursuant to set-off provisions	(114,193)	(51,941)
Net deferred tax liabilities	-	-

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.

Notes to the financial statements for the year ended 30 June 2018

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 Group during the year are as follows:

	2018 **$**	2017 $
Short-term employee benefits	533,865	361,034
Non-monetary benefits	7,033	6,762
Annual and long service leave	139,835	35,077
Post-employment benefits	50,718	35,199
Share-based compensation	904,964	822,440
Total KMP compensation	1,636,415	1,260,512

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, performance rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors report.

Note 7 – Auditor's Remuneration

	2018 **$**	2017 $
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	65,000	40,000
Remuneration for non-audit services		
- Investigating accountants report	12,000	-
	77,000	40,000

Notes to the financial statements for the year ended 30 June 2018

Note 8 – Earnings per share

	2018 Cents	2017 Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	(5.34)	(3.95)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(5.34)	(3.95)

(c) Reconciliations of earnings used in calculating earnings per share

	2018 $	2017 $
Basic earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(4,679,807)	(2,274,704)
Diluted earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(4,679,807)	(2,274,704)

(d) Weighted average number of shares used as the denominator

	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	87,588,492	57,640,509

(e) Information concerning the classification of securities

(i) Options and rights

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 2018. These options could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 20.

Notes to the financial statements for the year ended 30 June 2018

Note 9 – Cash and cash equivalents

	2018 **$**	2017 $
Cash at bank and on hand	1,763,360	1,011,542
	1,763,360	1,011,542

Note 10 – Investments

	Consolidated	
	2018 **$**	2017 $
CURRENT		
Fixed term cash deposits	3,000,000	-
Total investments	3,000,000	-

Note 11 – Trade and other receivables

	2018 **$**	2017 $
Trade receivables	24,880	12,058
Other receivables	51,149	25,394
Prepayments	386,291	51,206
Total current trade and other receivables	462,320	88,658

Credit risk

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis. The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer to the transaction. Receivables that are past due are assessed for impairment.

The balance of receivables that remain within initial trade terms are considered to be of high credit quality.

Notes to the financial statements for the year ended 30 June 2018

Note 11 – Trade and other receivables (continued)

	Gross Amount $	Past Due but Not Impaired (Days Overdue)				Within initial trade terms $
		< 30 $	31 – 60 $	61 – 90 $	> 90 $	
2018						
Trade receivables	24,880	13,757	2,078	–	–	9,045
Other receivables	51,149	–	–	–	–	51,149
Total	76,029	13,757	2,078	–	–	60,194
2017						
Trade receivables	12,058	–	–	–	–	12,058
Other receivables	25,394	–	–	–	–	25,394
Total	37,452	–	–	–	–	37,452

Note 12 – Plant and equipment

	Consolidated	
	2018 $	2017 $
Plant and equipment		
At cost	134,877	65,699
Accumulated depreciation	(58,846)	(10,779)
Total property, plant and equipment	76,031	54,920
Movements in Carrying Amounts		
Plant and equipment		
Balance at 1 July	54,920	–
Additions	71,188	67,128
Disposals	(1,340)	(1,428)
Depreciation expense	(48,737)	(10,779)
Balance at 30 June	76,031	54,920

Notes to the financial statements for the year ended 30 June 2018

Note 13 – Intangible assets

	2018 **$**	2017 $
Development costs		
Cost	3,736,009	2,112,057
Accumulated amortisation	(1,486,491)	(631,455)
	2,249,518	1,480,602
Movements in Carrying Amounts		
Balance at 1 July	1,480,602	1,277,518
Additions – internally developed	1,991,193	1,040,191
Research and development tax incentive	(367,241)	(327,811)
Amortisation charge	(855,036)	(509,296)
Balance at 30 June	2,249,518	1,480,602

Note 14 – Trade and other payables

	2018 **$**	2017 $
Unsecured liabilities:		
Trade payables	25,309	64,339
Other payables	345,975	164,555
Provision for annual leave	241,034	112,436
	612,318	341,330

Note 15 – Provisions

	2018 **$**	2017 $
Employee benefits (Non-current)	80,356	9,968

Note 16 – Contributed equity

	2018 Shares	2017 Shares	2018 $	2017 $
(a) Share capital				
Fully paid ordinary shares	103,895,094	65,354,580	11,915,456	3,751,364

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	$
1 July 2016	Balance		4,979,858		1,687,168
October 2016	Share split 1:10	(e)	44,818,722		-
December 2016	Placement shares	(f)	15,556,000	$0.135	2,100,060
	Share issue costs		-		(35,864)
30 June 2017	Balance		65,354,580		3,751,364
October 2017	Exercise of options	(g)	2,035,624	$0.01	20,356
	Exercise of options	(g)	13,000	$0.02	260
	Exercise of options	(g)	78,648	$0.04	3,146
	Exercise of options	(g)	3,051,000	$0.004	12,204
January 2018	IPO shares	(h)	15,000,000	$0.30	4,500,000
	Conversion of Class A shares	(d)	18,337,744	$0.22	3,860,527
	Exercise of options	(g)	4,166	$0.01	42
	Exercise of options	(g)	4,000	$0.02	80
February 2018	Exercise of options	(g)	4,166	$0.01	42
	Exercise of options	(g)	4,000	$0.02	80
April 2018	Exercise of options	(g)	4,166	$0.01	42
	Exercise of options	(g)	4,000	$0.02	80
	Share issue costs		-		(232,767)
30 June 2018	Balance		103,895,094		11,915,456

(c) Class A shares

Date	Details	Number of Shares	Issue Price	$
1 July 2017	Balance	-		-
November 2017	Placement shares	18,337,744	$0.22	4,034,304
	Share issue costs	-		(173,777)
January 2018	Conversion to ordinary shares	(18,337,744)		(3,860,527)
30 June 2018	Balance	-		-

Note 16 – Contributed equity (continued)

(d) Issue of Class A shares

18,337,744 Class A shares were issued to sophisticated investors at an issue price of $0.22 per Class A share. The Class A shares had the same rights as ordinary shares, however, in the event of an initial public offer of shares in the Company, the Class A shares would convert to ordinary shares, if the IPO issue price is $0.275 or higher, on a one-for-one basis immediately on the admission of the Company to the official list of the ASX.

(e) Share split

Share subdivision on a 1 for 10 basis.

(f) Issue to sophisticated investors

The issue of 15,556,000 fully paid ordinary shares to sophisticated investors at an issue price of $0.135 cash.

(g) Exercise of options

The issue of fully paid ordinary shares on the exercise of options.

(h) Shares issued under prospectus

The issue of 15,000,000 ordinary shares at an issue price of $0.30 per share to raise $4,500,000 cash before expenses of the Offer. All ordinary shares issued pursuant to the Prospectus were issued as fully paid. Transaction costs of $423,413 were incurred as a result of listing the Company, of which $232,767 were directly attributable to capital raising and the remainder of $190,646 has been expensed.

(i) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Notes to the financial statements for the year ended 30 June 2018

Note 17 – Reserves

	2018 **$**	2017 $
Share-based payment reserve	2,164,992	1,075,146
Movements:		
Balance 1 July 2017	1,075,146	218,757
Share based payments expensed	664,899	660,434
Share based payments capitalised	209,779	195,955
FY2018 STI's to be settled in shares	215,168	-
Balance 30 June 2018	2,164,992	1,075,146

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options.

Note 18 – Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on an operational basis. Operating segments are determined on the basis of financial information reported to the Board.

Management currently identifies the Group as having only one operating segment, being the development of a cloud-based people management platform in Australia. All asses and revenue are derived from the one geographical location, being Australia. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

The entity has four customers from which it generates greater than 10% of its revenue. Revenue from these customers was $51,356, $30,645, $27,585 and $20,370 respectively for the year ended 30 June 2018 (2017: three customers $28,994, $11,450 and $15,023).

Notes to the financial statements for the year ended 30 June 2018

Note 19 – Cash flow information

(a) Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

	2018 $	2017 $
Profit / (loss) for the period	(4,679,807)	(2,274,704)
Adjustments for		
Share based payments	880,067	660,434
Share issue expenses	190,646	-
Depreciation and amortisation	903,773	520,073
Profit on sale of plant and equipment	(490)	(572)
Research and development tax incentive	(61,411)	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(373,663)	(29,727)
Increase in other assets	-	(6,630)
Increase in trade and other payables	142,391	131,101
Increase / (decrease) in provisions	143,410	70,064
Net cash inflow (outflow) from operating activities	(2,855,084)	(929,961)

(b) Cash and cash equivalents shown in the cashflow statement comprises the following:

		Consolidated	
	Note	2018 $	2017 $
Cash and cash equivalents	9	1,763,360	1,011,542
Investments	10	3,000,000	-
Net cash inflow (outflow) from operating activities		4,763,360	1,011,542

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during FY 2018.

(d) Net debt reconciliation

The Group does not have any debt on its balance sheet and therefore no net debt reconciliation has been provided.

Notes to the financial statements for the year ended 30 June 2018

Note 20 – Share-based payments

OPTIONS

The intelliHR Holdings Limited Employee Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

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

Set out below are summaries of options granted under the plan:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2016	3,051,000	$0.004
Granted	16,539,066	$0.058
Forfeited	(222,222)	$0.025
Expired	-	-
Options outstanding as at 30 June 2017	**19,367,844**	**$0.050**
Granted	1,440,000	$0.10
Forfeited	(84,000)	$0.04
Exercised	(5,202,770)	$0.007
Expired	-	-
Options outstanding as at 30 June 2018	**15,521,074**	**$0.07**

Notes to the financial statements for the year ended 30 June 2018

Note 20 – Share-based payments (continued)

No options expired during the periods covered by the above table.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Date options granted	Expiry date	Exercise price	Share options 30 June 2018	Share options 30 June 2017
02/05/2016	20/04/2026	$0.004	–	3,051,000
23/11/2016	01/12/2021	$0.01	2,575,286	2,621,112
16/12/2016	01/12/2021	$0.01	6,006,888	8,009,184
05/01/2017	01/12/2021	$0.04	1,568,357	1,647,005
23/11/2016	01/12/2021	$0.20	3,895,543	3,895,543
01/04/2017	31/03/2022	$0.04	60,000	144,000
11/08/2017	11/08/2022	$0.02	1,031,000	–
27/02/2018	14/02/2023	$0.32	384,000	–
			15,521,074	**19,367,844**
Weighted average remaining contractual life of options outstanding at end of period			3.5 years	5.12 years

Details of options issued during the financial year are as follows:

a. On 11 August 2017, 1,056,000 share options were granted to employees under the IntelliHR Holdings Limited Employee Option Plan to take up ordinary shares. All options issued are exercisable at $0.02 and expire on 11 August 2022. The options vest as follows:

Vesting date	Number	Vesting date	Number
30/09/2017	39,000	30/09/2019	66,000
31/12/2017	39,000	31/12/2019	66,000
31/03/2018	39,000	31/03/2020	66,000
30/06/2018	147,000	30/06/2020	66,000
30/09/2018	66,000	30/09/2020	66,000
31/12/2018	66,000	31/12/2020	66,000
31/03/2019	66,000	31/03/2021	66,000
30/06/2019	66,000	30/06/2021	66,000

Notes to the financial statements for the year ended 30 June 2018

Note 20 – Share-based payments (continued)

The options hold no voting or dividend rights and are not transferable.

The fair value of these options was $217,642. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

Number of options	1,056,000
Exercise price	$0.02
Grant date	11/08/2017
Expiry date	11/08/2022
Volatility	107.47%
Dividend yield	0%
Risk-free interest rate	3.20%
Fair value at grant date	Ranging from $0.2002 to $0.2094

b. On 27 February 2018, 384,000 share options were granted to employees under the IntelliHR Holdings Limited Employee Option Plan to take up ordinary shares. All options issued are exercisable at $0.32 and expire on 14 February 2023. The options vest as follows:

Vesting date	Number	Vesting date	Number
30/09/2018	96,000	30/06/2020	24,000
31/12/2018	24,000	30/09/2020	24,000
31/03/2019	24,000	31/12/2020	24,000
30/06/2019	24,000	31/03/2021	24,000
30/09/2019	24,000	30/06/2021	24,000
31/12/2019	24,000	30/09/2021	24,000
31/03/2020	24,000		

Notes to the financial statements for the year ended 30 June 2018

Note 20 – Share-based payments (continued)

The options hold no voting or dividend rights and are not transferable.

The fair value of these options was $100,097. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

Number of options	384,000
Exercise price	$0.32
Grant date	14/02/2018
Expiry date	14/02/2023
Volatility	108.57%
Dividend yield	0%
Risk-free interest rate	3.20%
Fair value at grant date	Ranging from $0.2463 to $0.2773

Notes to the financial statements for the year ended 30 June 2018

Note 21 – Events after the reporting date

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 22 – Related party transactions

Related Parties

The Group's main related parties are as follows:

a. Entities exercising control over the Group

The company does not have an ultimate controlling entity.

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 6.

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.

d. 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:

	2018 **$**	2017 $
Purchase of goods and services		
Other related parties:		
A company of which R Bromage is a director provided administration services, office facilities and recruiting services during the year under normal commercial terms and conditions.	262,886	300,853

Note 23 – Contingent liabilities

The Group does not have any contingent liabilities as at 30 June 2018.

Notes to the financial statements for the year ended 30 June 2018

Note 24 – Commitments

The Group does not have any commitments as at 30 June 2018.

Note 25 – 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:

	Note	**2018 $**	2017 $
Financial assets		4,763,360	1,011,542
Cash and cash equivalents		76,029	37,542
Trade and other receivables		4,839,389	1,048,994
Total financial assets			
Financial liabilities			
Trade and other payables		371,284	228,894
Total financial liabilities		371,284	228,894

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.

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 'AA' 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).

Notes to the financial statements for the year ended 30 June 2018

Note 25 – Financial risk management (continued)

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.

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is not exposed to market risks other than interest rate risk.

Cash flow and fair value interest rate risk

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

At 30 June 2018, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been $47,634 (2017: $10,115) lower/higher, as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short term nature.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30 to 64 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 2018 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.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

A Bellas

Chairman

Brisbane, 29 August 2018

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Australia

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 balance sheet 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, 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 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 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.

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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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Capitalisation of Development Costs

Key audit matter	How the matter was addressed in our audit
The Group capitalises costs incurred in the development of its software, as disclosed in note 13. These costs are then amortised over the estimated useful life of the asset. The capitalisation of development costs was a key audit matter due to the significance of the balance and the judgement involved in assessing whether the criteria set out in AASB 138 *Intangible Assets* required for capitalisation of such costs have been met and the useful life of the asset is reasonable. The Group's judgements include whether the costs capitalised, including payroll costs, were directly attributable to development projects, rather than related to research or maintenance operations.	Our work on capitalised development costs was focused on the Group's process in determining the projects which should be capitalised and the determination of the appropriate allocation of overhead and payroll costs to be capitalised in accordance with AASB 138. Our audit procedures included the following: • Assessed the nature of a sample of projects against the requirements of AASB 138 to determine if they were capital in nature, including an assessment of whether capitalised costs related to the development phase of the project and the generation of probable future economic benefits • On a sample basis, vouched the payroll costs capitalised to supporting payroll records and assessed the procedures applied by the Group to appropriately record and allocate staff costs to capitalised development expenditure • On a sample basis, vouched overhead costs capitalised to supporting documentation and assessed the procedures applied by the Group to appropriately allocate overhead costs to capitalised development expenditure • Assessing the adequacy of disclosures in the financial statements.

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Impairment of Capitalised Development Costs

Key audit matter	How the matter was addressed in our audit
Development costs make up a significant portion of the Group's non-current assets. *AASB 136 Impairment of Assets* requires that finite intangible assets be tested for impairment whenever there is an indication that the intangible assets may be impaired and this assessment requires judgement. The assessment as to whether there are any indicators of impairment requires the consideration of both internal and external sources of information.	We assessed the factors that the Group considered regarding impairment of capitalised development costs and whether any indicators of impairment existed. Our audit procedures considered the following: • Significant changes in the extent or manner in which the associated software is used • Potential or actual redundancy or disposal of developed software • Forecast cash flows associated with the capitalised development costs • Significant changes in the market in which the assets are used • Evaluating the Group's assessment of the useful life of the software development assets. This included comparing to external market information.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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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 at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of intelliHR Holdings Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

R M Swaby
Director

Brisbane, 29 August 2018

Shareholder information

The shareholder information set out below was applicable as at 15 August 2018.

A – Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary shares
1 – 1,000	3
1,001 – 5,000	63
5,001 – 10,000	79
10,001 – 100,000	463
100,001 and over	159
	767

There were no holders of less than a marketable parcel of ordinary shares.

B – Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	% of issued shares
Robert Jon Bromage	21,029,475	20.10
Jeremy Fong	3,378,945	3.23
Intercontinental Pty Limited	2,945,150	2.82
K R Khatri (Dental) Pty Ltd	2,760,150	2.64
JD Investments Holdings Pty Ltd	2,075,690	1.98
Chatterton Pty Ltd	2,013,744	1.92
Wendy Laura Hopsick	1,931,371	1.84
Kokoris Superannuation Pty Ltd	1,851,000	1.77
Marilyn Bromage	1,838,951	1.76
Scott Wiseman	1,592,203	1.52
AG & M Bellas Super Fund Pty Ltd	1,383,678	1.32
J J N A Super Pty Ltd	1,335,050	1.28
04NRG Pty Ltd Herbaut	1,316,183	1.26
Helen Dianne Pryor	1,316,183	1.26
Jimlori Pty Limited	1,250,000	1.19
Mr Richard Hopsick & Mrs Wendy Hopsick	1,121,010	1.09
Dr David Ritchie & Dr Gillian Ritchie	1,000,000	0.96
Immanuel Developments Pty Ltd	1,000,000	0.96
Kylie Jean Skillender	800,000	0.76
Donald Anderson & Beverley Anderson	789,710	0.75
Total	**52,728,493**	**50.39**

Unquoted equity securities

	Number of issue	Number of holders
Options over ordinary shares	15,239,260	37
Performance rights	367,347	1

Holders of more than 20% of unquoted share options on issue

	Number held	% of total on issue
Robert Bromage	3,895,543	25.56
Jeremy Fong	3,329,524	21.85

Holders of more than 20% of unquoted performance rights on issue

	Number held	% of total on issue
Paul Trappett	367,347	100

Restricted equity securities

	Number of issue	Release date
Ordinary shares	4,853,703	3 November 2018
Ordinary shares	41,861,734	23 January 2018

C – Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Robert Jon Bromage	21,029,475	20.10

D – Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Performance rights: No voting rights

(c) Share options: No voting rights

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