



intelliHR Holdings Limited

ABN 38 600 548 516

HALF-YEAR FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 DECEMBER 2018

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Your directors present their report on intelliHR Holdings Limited (referred to hereafter as the 'consolidated entity') for the half-year ended 31 December 2018.

DIRECTORS

The following persons were directors of intelliHR Holdings Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Greg Baynton
Anthony Bellas
Robert Bromage
Jamie Duffield
Jeremy Fong (Retired 18 February 2019)

PRINCIPAL ACTIVITIES

The principal activities of the company during the half-year were the development, marketing and implementation of an analytics-first global software-as-a-service (SaaS) people management platform.

intelliHR delivers customers a cloud-based online core HR and compliance record keeping system, automating manual HR processes to capture critical people and performance data from all stages of the employment life-cycle. Real-time people management tools and data analytics capabilities are also available in the platform, providing people leaders, HR professionals and business leaders with essential organisational data to make strategic decisions and improve business performance.

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$2,885,419 (2017: \$2,100,755).

The 6 months to December 2018 was a period of significant growth in the customer base, contracted head count on the platform and annual recurring revenue. The key events during the period were as follows:

- On 11 July 2018, intelliHR appointed Mr. Paul Trappett as its inaugural Chief Operating Officer to strengthen the leadership team and to take advantage of growth opportunities. Paul has more than 15 years of general management experience in the SaaS and online retail markets
- 46.7% increase in contracted customers to 44 organisations as at 31 December 2018 - significantly, this includes the first US-based customer implementation
- 57.4% increase in contracted paying users to 5,170
- 52.8% increase in Contracted Annual Recurring Revenue to \$620,400 as at December 2018
- On 4 October 2018, intelliHR received an R&D Tax Incentive refund of \$819,836, the proceeds of which were used to develop software functionality that increases the productivity and organizational performance of intelliHR's customer base

intelliHR's key focus areas from an operational perspective for the period were:

- Building sales capability in its direct sales channels

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 (continued)

REVIEW OF OPERATIONS (Continued)

- Growing a high-quality partner network of 18 referrers and resellers of the IntelliHR platform
- Readying the IntelliHR technology to support high value integration opportunities, allowing for the future sale of the IntelliHR platform in online marketplaces and creating a new high-value and low-cost lead generation channel
- Geographic expansion targeting the US and New Zealand

Customers have continued to report positive results following implementations including improved financial performance, reduced staff attrition levels, increased staff engagement, reduced HR administration time and cost savings. IntelliHR is now publishing case studies demonstrating return on investment. These case studies are being released progressively through the IntelliHR website.

Our technology continued to advance at a rapid pace. Key platform deliverables included:

- open API's to allow complimentary software such as recruitment systems, learning management systems and payroll to be integrated more easily with the IntelliHR SaaS platform;
- positive progress on a payroll onboarding integration with Xero;
- release of a flexible self-service forms feature; and
- a variety of projects to support enhanced internationalisation capabilities (including local and global currency settings and analytics).

Starting 2019 with 44 customers and 5170 contracted headcount, IntelliHR is pleased with the rapid progress to date and has positioned itself for a very exciting year of growth ahead.

SUBSEQUENT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Group has no matters or circumstances that have arisen since 31 December 2018 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "Tony Bellas".

Tony Bellas
Chairman

26 February 2019
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
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 for the review of intelliHR Holdings Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



R M Swaby
Partner

BDO Audit Pty Ltd

Brisbane, 26 February 2018

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General information

The financial statements cover intelliHR Holdings Limited as a consolidated entity consisting of intelliHR Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is intelliHR Holdings Limited's functional and presentation currency.

intelliHR Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Registered office & Principal place of business

The registered office and principal place of business is:

Level 28, 345 Creek Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Note	2018	2017
		\$	\$
Revenue			
Revenue from continuing operations	3	195,027	82,721
Other revenue		77,919	68,685
		<u>272,946</u>	<u>151,406</u>
Expenses			
Employee benefits expense		1,392,171	611,631
Directors' remuneration		152,925	250,944
Depreciation and amortisation expense		702,081	383,628
Marketing expense		361,707	337,578
Listing costs expensed		-	175,561
General and administrative expenses		549,481	492,819
Loss before income tax		<u>(2,885,419)</u>	<u>(2,100,755)</u>
Income tax benefit		-	-
Loss for the period		<u>(2,885,419)</u>	<u>(2,100,755)</u>
Other comprehensive income			<u>-</u>
Total comprehensive income for the period		<u>(2,885,419)</u>	<u>(2,100,755)</u>
Loss attributable to members of the entity		<u>(2,885,419)</u>	<u>(2,100,755)</u>
Total comprehensive income attributable to members of the entity		<u>(2,885,419)</u>	<u>(2,100,755)</u>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		(2.75)	(2.89)
Diluted earnings per share		(2.75)	(2.89)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2018**

	Note	Consolidated	
		31 December	30 June
		2018	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,728,193	1,713,360
Investments	4	500,000	3,000,000
Trade and other receivables		67,381	113,338
Other current assets		156,378	348,982
TOTAL CURRENT ASSETS		2,451,952	5,175,680
NON-CURRENT ASSETS			
Investments	4	466,838	50,000
Plant and equipment		51,722	76,031
Intangible assets	5	2,005,966	2,249,518
TOTAL NON-CURRENT ASSETS		2,524,526	2,375,549
TOTAL ASSETS		4,976,478	7,551,229
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	586,464	602,735
Contract liabilities		50,931	9,583
TOTAL CURRENT LIABILITIES		637,395	612,318
NON-CURRENT LIABILITIES			
Provisions		23,938	80,356
TOTAL NON-CURRENT LIABILITIES		23,938	80,356
TOTAL LIABILITIES		661,333	692,674
NET ASSETS		4,315,145	6,858,555
EQUITY			
Issued capital	7	11,923,401	11,915,456
Reserves		2,499,056	2,164,992
Accumulated losses		(10,107,312)	(7,221,893)
TOTAL EQUITY		4,315,145	6,858,555

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Group

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Total \$
Balance at 1 July 2017	3,751,364	(2,542,086)	1,075,146	2,284,424
Loss for the period	-	(2,100,755)	-	(2,100,755)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(2,100,755)	-	(2,100,755)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,896,493	-	-	3,896,493
Share-based payments	-	-	501,075	501,075
Balance at 31 December 2017	7,647,857	(4,642,841)	1,576,221	4,581,237
Balance at 1 July 2018	11,915,456	(7,221,893)	2,164,992	6,858,555
Loss for the period	-	(2,885,419)	-	(2,885,419)
Total comprehensive income	-	(2,885,419)	-	(2,885,419)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	7,945	-	-	7,945
Share-based payments	-	-	334,064	334,064
Balance at 31 December 2018	11,923,401	(10,107,312)	2,499,056	4,315,145

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Half-year	
		2018	2017
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		305,304	124,994
Payments to suppliers and employees (GST inclusive)		(2,095,949)	(1,350,855)
Interest received		29,429	7,274
Net cash outflow from operating activities		(1,761,216)	(1,218,587)
Cash flows from investing activities			
Payments for Development		(1,123,876)	(617,172)
Research and development tax incentive refund		819,836	428,652
Proceeds from sale of property, plant and equipment		-	850
Payments for property, plant and equipment		(11,018)	(34,110)
Payment for investments		(416,838)	-
Net cash outflow from investing activities		(731,896)	(221,780)
Cash flows from financing activities			
Proceeds from issued and prepaid shares, net of expenses		7,945	7,801,770
Net cash inflow from financing activities		7,945	7,801,770
Net increase (decrease) in cash and cash equivalents		(2,485,167)	6,361,403
Cash and cash equivalents at the beginning of the period		4,713,360	1,011,542
Cash and cash equivalents at the end of the period	9	2,228,193	7,372,945

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies

The consolidated half-year financial statements of intelliHR Holdings Limited (the company) as at and for the half-year ended 31 December 2018 comprise the company and its controlled entities (the Group).

The consolidated interim financial report is a general purpose financial report for the half-year ended 31 December 2018, which has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the interim financial report.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the 30 June 2018 financial report and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the half-year financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

No new accounting policies were adopted during the half-year except as follows;

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 18 Revenue, and related interpretations and applies to all revenue arising from contracts with customers. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Under AASB 15 revenue is apportioned to individual performance obligations within customer contracts based on their relative stand-alone selling price. Based on certain criteria, revenue is then recognised either over time or at a point in time as these performance obligations are satisfied. The standard also requires the capitalisation of incremental costs of obtaining a contract, and costs directly related to fulfilling a contract, where these costs are expected to be recovered.

The group's revenue accounting policies under the new standard are detailed below;

Contracts with customers range from one to three years in length. Service Initiation Fees charged to customers for implementation services are amortised over the life of these contracts and costs directly attributable to the implementation services are capitalised and amortised over a period consistent with the term of revenue recognition. The Group identified commissions, staff and travel costs as an incremental cost of obtaining revenue contracts. Currently these costs are not material to the financial report of the Group, however consistent with the requirements of AASB 15, are being capitalised and amortised over the term of the relating customer contract.

Service Operating Fees comprise the monthly fee charged to customers based on their headcount on the platform. This monthly fee allows customers access both to the platform and to technical support. This revenue is recognised at a point of time (monthly) based on the customer's headcount for the month.

The adoption of AASB 15 has had no material impact on the comparative financial information of the Group and therefore no retrospective changes were applied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies (continued)

AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in the following changes to accounting policies.

(i) Classification and Measurement

On 1 July 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. There were no changes to the classification and measurement of financial assets.

(ii) Impairment of financial assets

The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables. There was no material impairment loss identified.

The Group has performed an assessment on expected credit losses using the simplified approach.

Cash and cash equivalents, and Investments are also subject to the impairment requirements of AASB 9. There was no material impairment loss identified for these types of assets.

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

Going concern

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

As disclosed in the financial statements, the Group incurred a net loss of \$2,885,419 with net operating cash outflows of \$1,761,216 for the period ended 31 December 2018. As at 31 December 2018, the Group has cash and cash equivalents, and funds on term deposit of \$2,228,193 and net current assets of \$1,814,557.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies (continued)

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

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

These conditions give rise to a 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 issuance of shares as evidenced by the recent pre-IPO and IPO capital raising.

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. The 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.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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. The potential financial impact of these changes is not yet possible to determine.

Critical accounting estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies (continued)

Recognition of Development Costs

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

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

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

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

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 binomial tree model and Hull White 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 HALF-YEAR ENDED 31 DECEMBER 2018

Note 2 Segment information

The consolidated entity 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 a geographic basis that is the location where revenue is derived.

Management currently identifies the Group as having only one operating segment, being the development of a cloud-based people management platform in Australasia. 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.

Note 3 Profit and loss information

	31 December 2018	31 December 2017
	\$	\$
Revenue		
Service Initiation Fees	17,236	2,417
Service Operating Fees	175,791	77,714
Training Services	2,000	2,590
Total Revenue	195,027	82,721

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

Expenses		
Share based payments expense	263,390	368,765
Employee benefits expense	1,392,171	611,631
Amortisation of intangible assets	666,756	366,974
Depreciation of property, plant and equipment	35,325	16,654

Note 4 Investments

Current - Fixed Term Cash Deposits	500,000	3,000,000
Non Current – Fixed Term Cash Deposits (restricted)	466,838	50,000
Total Investments	966,838	3,050,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 5 Non-current assets – Intangible assets

	31 December 2018 \$	30 June 2018 \$
Development costs		
Cost	4,159,212	3,736,009
Accumulated amortisation	(2,153,246)	(1,486,491)
Carrying amount	2,005,966	2,249,518

The Development Costs carried forward above have been determined as follows:

Balance at the beginning of the period	2,249,518
Expenditure incurred during the half-year	1,194,551
Research and development incentive received	(771,347)
Amortisation charge	(666,756)
Balance at the end of the half-year	2,005,966

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

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

Note 6 Current liabilities – Trade and other payables

	31 December 2018 \$	30 June 2018 \$
Unsecured liabilities:		
Trade payables	35,646	25,309
Other payables	230,180	336,392
Employee entitlement liabilities	320,638	241,034
	586,464	602,735

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 7 Issued Capital

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
(a) Share capital				
Ordinary shares				
Fully paid	105,366,799	103,895,094	11,923,401	11,915,456

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2017	Balance		65,354,580		3,751,364
October 2017	Exercise of options		2,035,624	\$0.01	20,356
	Exercise of options		13,000	\$0.02	260
	Exercise of options		78,648	\$0.04	3,146
	Exercise of options		3,051,000	\$0.004	12,204
January 2018	IPO shares		15,000,000	\$0.30	4,500,000
	Conversion of Class A shares		18,337,744	\$0.22	3,860,527
	Exercise of options		4,166	\$0.01	42
	Exercise of options		4,000	\$0.02	80
February 2018	Exercise of options		4,166	\$0.01	42
	Exercise of options		4,000	\$0.02	80
April 2018	Exercise of options		4,166	\$0.01	42
	Exercise of options		4,000	\$0.02	80
	Share issue costs		-		(232,767)
30 June 2018	Balance		103,895,094		11,915,456
July 2018	Exercise of options		697,814	\$0.01	6,978
	Exercise of options		24,000	\$0.02	480
October 2018	Exercise of options		16,664	\$0.01	167
	Exercise of options		16,000	\$0.02	320
	STI shares issued	(c)	717,227		-
31 December 2018	Balance		105,366,799		11,923,401

(c) STI shares issued

On 29 October 2018, following receipt of shareholder approval at the 2018 AGM, 717,227 shares were issued to Mr. Bromage and Mr. Fong as settlement of their FY2018 STI's.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 8 Earnings per share

	Consolidated	
	2018	2017
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of intelliHR Holdings Limited	(2,885,419)	(2,100,755)
	Number	Number
Weighted average number of shares used in calculating basic and diluted earnings per share	104,787,498	72,723,311
	Cents	Cents
Basic earnings per share	(2.75)	(2.89)
Diluted earnings per share	(2.75)	(2.89)

Information concerning classification of securities

Class A shares

Class A shares were classified as equity and were a separate category of ordinary shares for the purposes of determining earnings per share, rather than potential ordinary shares.

Note 9 Cash flow information

	31 December 2018	30 June 2018
	\$	\$
Cash and cash equivalents shown in the statement of cashflows comprises the following:		
Cash and cash equivalents	1,728,193	1,713,360
Investments	500,000	3,000,000
	2,228,193	4,713,360

For the purpose of the statement of cashflows term deposits classified as current investments are included as cash and cash equivalents as they are subject to insignificant risk of changes in value and are readily converted within 31 days of notice given if required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 10 Operating Lease Commitments

	31 December 2018 \$	30 June 2018 \$
Non-cancellable operating lease contracted for but not capitalised in the financial statements		
Payable – minimal lease payments:		
Not later than twelve months	389,352	-
Between twelve months and five years	1,557,408	-
Greater than five years	778,703	-
	<hr/>	
	2,725,463	-
	<hr/>	

Note 11 Events occurring after the balance date

No matters or circumstances have arisen since 31 December 2018 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

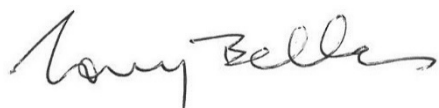
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Tony Bellas", written in a cursive style.

Tony Bellas
Chairman

26 February 2019
Brisbane

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of intelliHR Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of intelliHR Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

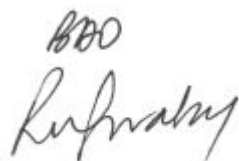
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



R M Swaby
Partner

Brisbane, 26 February 2019