QANTM Intellectual Property Limited ABN 612 441 326 and Controlled Entities

Financial report for the year ended 30 June 2017

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Results for Announcement to the Market

Key Information		**2017 $000**	**2016 $000**	**% Change**
Revenue from ordinary activities	up	99,520	80,133	24%
Profit after tax from ordinary activities attributable to members	down	7,180	25,358	(72%)
Net profit attributable to members	down	7,180	25,358	(72%)

Dividends Paid and Proposed

	Amount per Security	**Franked Amount per Security at 30% of Tax**
Ordinary shares:		
2017 interim ordinary dividend paid 31 March 2017	3.6 cents	3.6 cents
2017 final ordinary dividend declared 29 August 2017	5.3 cents	5.3 cents
Record date for determining entitlements to the final dividend on ordinary shares**:**		4 September 2017

Explanation of Key Information and Dividends

Refer to the accompanying Directors' report of the Annual Report for commentary on the results

Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to page 23 of the 30 June 2017 financial report and accompanying notes for QANTM Intellectual Property Limited and Controlled Entities.

Statement of Financial Position with Notes to the Statement

Refer to page 24 of the 30 June 2017 financial report and accompanying notes for QANTM Intellectual Property Limited and Controlled Entities.

Statement of Cash Flows with Notes to the Statement

Refer to page 26 of the 30 June 2017 financial report and accompanying notes for QANTM Intellectual Property Limited and Controlled Entities.

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

Net Tangible Assets per Share

	2017 cents per share	2016 cents per share
Net tangible assets per ordinary share[1]	$0.03	($0.18)

[1]Calculated using the weighted average number of ordinary shares outstanding during the year ended 30 June 2017, assuming the restructure of the Group and IPO occurred on or prior to 1 July 2015.

Control Gained or Lost over Entities in the Year

Control gained:	Davies Collison Cave Pty Ltd	ACN 613 954 368
	Davies Collison Cave Law Pty Ltd	ACN 613 954 420
	FPA Patent Attorneys Pty Ltd	ACN 613 950 342
	QIP Services Pty Ltd	ACN 613 281 182
	QIP Nominees Pty Ltd	ACN 617 528 766
	Davies Collison Cave Asia Pte. Ltd	(incorporated in Singapore)
Control lost:	None	

Commentary on the Results for the Period

Refer to the commentary on the results for the period contained in the “Review of Operations” included within the operating and financial review section of the annual report.

Status of Audit

The 30 June 2017 financial statements and accompanying notes for QANTM Intellectual Property Limited and Controlled Entities have been audited and are not subject to any disputes or qualifications. Refer to page 68 of the 30 June 2017 financial report for a copy of the auditor’s report.

QANTM Intellectual Property Limited and Controlled Entities

ACN: 612 441 326

Financial Report

For the Year Ended 30 June 2017

QANTM Intellectual Property Limited and Controlled Entities

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Directors' Report
For the Year Ended 30 June 2017

Your Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the “Group”) consisting of QANTM Intellectual Property Limited (the “Company”, “Parent Entity” or “QANTM”) and the entities it controlled at the end of, or during, the financial year ended 30 June 2017.

QANTM Intellectual Property Limited was incorporated on 17 May 2016. QANTM is the holding company of intellectual property services firms Davies Collison Cave Pty Ltd, Davies Collison Cave Law Pty Ltd and Davies Collison Cave Asia Pte Ltd (collectively called “Davies Collison Cave” or “DCC”) and FPA Patent Attorneys Pty Ltd (“FPA”). The Company was admitted to the official list of the Australian Securities Exchange (“ASX”) on 31 August 2016 (ASX code: QIP).

QANTM owns two of Australia's leading intellectual property (IP) firms, providing services in relation to the creation, protection, commercialisation, enforcement and management of IP to a broad range of sophisticated Australian and international clients.

DCC provides services in relation to patents, designs and trademarks, and also operates a legal services group providing specialised IP legal services. FPA focuses solely on patents and designs.

1. General information

Directors

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

Names	Position	Date appointed
Mr Richard England	Non-Executive Chairman	17 May 2016
Mr Leon Allen	Managing Director	17 May 2016
Ms Abigail Cheadle	Non-Executive Director	9 June 2016
Mr Cameron Judson	Non-Executive Director	9 June 2016
Ms Sonia Petering	Non-Executive Director	9 June 2016

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

Information on directors

The skills, experience and expertise of each person who is a Director of the Company at the end of the financial year are provided below, together with details of the Company Secretary as at year end.

Mr Richard England	Non-Executive Chairman
Qualifications	FCA, MAICD
Experience	Richard was appointed independent Non-Executive Chairman on 17 May 2016. He was formerly a partner at Ernst & Young from 1988 to 1994 and a consultant until 2003. Richard is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Member of the Australian Institute of Company Directors.
Interest in shares and options	135,134 shares
Special responsibilities	Chairman
Other current listed directorships	Richard is a Non-Executive Director of Macquarie Atlas Roads Limited, Nanosconics Limited and Japara Healthcare Limited and was appointed as a Non-Executive Director of Bingo Industries Limited on 21 May 2017.
Former directorships of listed entities (last 3 years)	Richard was the Chairman of Ruralco Holdings Limited until he resigned on 5 September 2016.

1. General information (continued)

Directors (continued)

Mr Leon Allen	Managing Director
Qualifications	BSc (Hons), Patent Attorney
Experience	Leon joined DCC in 1995 and has worked as a patent attorney since 1981. He has been managing partner and chairman of DCC's national management board since 2011. Leon is a past president of the Institute of Patent and Trade Marks Attorneys of Australia having served on its Council from 1992 to 2013. Leon has served two terms on the Advisory Council on Intellectual Property to the Federal Government, the second as Chair. Leon is a Fellow of the International Federation of Patent Attorneys Academy of Education, teaching patent drafting in Europe, and is also a Senior Fellow of the University of Melbourne.
Interest in shares and options	2,037,227 shares
Special responsibilities	None
Other current listed directorships	None
Former directorships of listed entities (last 3 years)	None

Ms Abigail Cheadle	Non-Executive Director
Qualifications	B. Bus, ACA, MAICD
Experience	Abigail is a chartered accountant and executive director with over 20 years' experience in Australia, Asia, Middle East and Europe. Abigail was formerly a certified fraud examiner and with the Singapore Institute of Directors. Abigail was a partner and head of forensics, Asia at KordaMentha for four years, and was lead director of forensics, Singapore at Deloitte for two years among other professional service roles.
Interest in shares and options	90,090 shares
Special responsibilities	Chairman of Audit, Risk and Compliance Committee
Other current listed directorships	Abigail is a Non- Executive Director of SurfStitch Group Limited (In Voluntary Administration)
Former directorships of listed entities (last 3 years)	None

Mr Cameron Judson	Non-Executive Director
Qualifications	BA, MBA, MAICD
Experience	Cameron is currently CEO of McGrath Limited. Cameron was previously CEO and Managing Director of Chandler Macleod Group Limited from 2012 to July 2015. Cameron began working with Chandler Macleod in 2005 and held various operational and executive roles. Cameron holds a Bachelor of Arts from the University of NSW and a Masters of Business Administration (Executive) from the Australian Graduate School of Management. Cameron is also a member of the Australian Institute of Company Directors.
Interest in shares and options	45,044 shares
Special responsibilities	Chairman of People, Remuneration and Culture Committee
Other current listed directorships	None
Former directorships of listed entities (last 3 years)	None

1. General information (continued)

Directors (continued)

Ms Sonia Petering	Non-Executive Director
Qualifications	LLB, B.Com, FAICD
Experience	Sonia is an experienced corporate lawyer who commenced her own legal practice in 2001 and holds a Bachelor of Law and Bachelor of Commerce from the University of Melbourne. Sonia is also a Non-Executive Director of TAL Dai-Ichi Australia Pty Ltd and Virtus Health Ltd (ASX:VRT). Sonia was formerly Chair of Rural Finance Corporation of Victoria from October 2009 until 30 June 2016 and a director of Transport Accident Commission of Victoria from 2007 until 2016. Sonia is a Fellow of the Australian Institute of Company Directors
Interest in shares and options	45,044 shares
Special responsibilities	None
Other current listed directorships	Sonia is a non executive Director of Virtus Health Limited.
Former directorships of listed entities (last 3 years)	None

Company Secretary

The following people held the position of Company Secretary at the end of the financial year:

- Mr Warren Howe
- Ms Leanne Ralph

Warren was appointed as Company Secretary on 17 May 2016. Warren is a Chartered Accountant and holds a Bachelor of Business. He joined FPA in 2015 as the Chief Operating Officer. Prior to FPA, Warren held various operational and executive roles at Crowe Horwath, including CEO of Business Services.

Leanne was appointed as Joint Company Secretary on 16 March 2017. Leanne has over 15 years' experience, holds a Bachelor of Business, a diploma in Applied Corporate Governance and is on the Governance Institute of Australia's Corporate and Legal Issues Committee.

2. Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number attended are:

	Directors' Meetings		Audit, Risk and Compliance Committee		People, Remuneration and Culture Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Richard England	16	16	-	-	-	-
Mr Leon Allen	16	16	-	-	-	-
Ms Abigail Cheadle	16	16	4	4	4	4
Mr Cameron Judson	16	16	4	4	4	4
Ms Sonia Petering	16	16	4	4	4	4

Held: represents the number of meetings held during the time the Director held office.

3. Principal Activities

QANTM comprises the businesses of DCC and FPA, two of Australia's leading professional IP services firms

DCC is one of the largest patent and trade mark attorney firms in Australia. DCC's three major service areas are patents, trademarks and legal services.

FPA is a specialist patent attorney practice.

Both firms' principal operations are in Australia where each firm services both local clients and international clients in respect of their Australian IP rights. Asia has also been a strategic focus of both firms and DCC opened an office in Singapore in July 2015.

There were no significant changes in the nature of the Group's principal activities during the financial year.

4. Operational and financial review[1]

The following provides commentary on the Group's 2017 results. Pro forma results are referred to below to highlight underlying performance. The pro forma results reflect adjustments for Initial Public Offering (IPO) costs and other one-off expenses associated with the reorganisation of the business. Refer page 8 for a reconciliation of statutory NPAT to pro forma NPAT.

The Group's total pro forma revenue for the year ended 30 June 2017 was $103.2 million, compared with $107.0 million for the corresponding period in 2016. The Group's reported pro forma consolidated EBITDA of $24.5 million compared with $26.6 million for the 2016 financial year. The Group's pro forma net profit after tax was $14.8 million, compared with the 2016 pro forma result of $16.4 million.

Net debt as at 30 June 2017 was $7.4 million, with gearing (net debt/net debt + book equity) of 9.4%.

In line with the Company's dividend payment policy, Directors determined a total 2017 dividend of 8.9 cents, fully franked, made up of an interim dividend of 3.6 cents per share and a final dividend of 5.3 cents per share.

Relative to the Company's pro forma Prospectus forecasts for FY17, the EBITDA result was 10.9% lower than the full year forecast of $27.5 million, reflecting a lower level of pro forma Service Charge revenue of $80.4 million. The Service Charge revenue was 6.5% lower than Prospectus forecast for FY17, while pro forma Total Revenue, which includes Associate Fees, was 7.9% lower.

The Company's pro forma Total Expenses were $81.6 million, which represented a favourable 5.8% lower outcome than the Prospectus forecast for FY17 of $86.6 million and a 4.6% decline from the 2016 level.

The Company provided a Trading Update on 25 May 2017, based on a lower trend in revenues in the months of March and April 2017. As outlined at the time, the softness was mainly associated with a combination of slightly lower patent filings, in line with market trends, and a decline in patent advisory and patent prosecutions due to timing factors. That shortfall in revenue was partly recovered in the months of May and June, with these months rebounding in terms of patent advisory, patent prosecution and legal revenues. In this regard, Service Charges revenue for the year of $80.4 million is above the upper range ($79.5 million) of the May updated guidance range, while Total Revenue (Service Charge and Associate Fees) of $103.2 million is also above the upper range of the revised guidance of $102 million. Total Expenses for the year were $81.6 million and are above the upper end of the revised guidance of $80.7 million.

[1]The Directors believe the use of pro forma and additional information to the IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group.

4. Operational and financial review (continued)

Operating Business Features

QANTM completed a successful corporate restructure following the IPO in August 2016. Key elements of the operating environment of the Company included the following:

- 100% retention of key clients following the IPO;
- an extensive communication with clients with no concerns expressed by clients because of DCC and FPA being jointly owned by QANTM;
- patent applications and prosecution revenues declined marginally year-on-year, reflecting slightly lower patent filings in Australia in 2017 relative to 2016, as well as a lower contribution from advisory;
- pleasing progress was made in establishing QANTM's Asian IP presence through DCC's initial Singapore office. The Company continued to invest in this business with new professional staff and two lateral Principals recruited, with encouraging trends in business capture and revenue generation. The Singapore office operated at a break-even basis with continued re-investment in people, processes and marketing to establish the foundations for a high margin Asian base for the business;
- a continued focus on business synergies and cost savings, including the commencement of the implementation of a common information and communications technology platform (ICT) and rationalisation of some back-office services, as well as implementation of other efficiency measures; and
- lateral recruitment at principal level by DCC in Singapore.

Financial Results – Key Elements

The main features of the 2017 financial results are provided below.

Revenue

Pro forma Group revenue was $103.2 million, a 3.6% decline relative to the 2016 Pro forma Group revenue;

- Service Charges declined 1.3%, reflecting a lower level of patent applications and prosecutions, and a lower advisory contribution;
- Associate Charges, which refer to the on-charging invoices from Foreign Associates for patent work undertaken on behalf of QANTM declined by 10.6% although net of Recoverable Expenses, revenue increased year-on-year;
- Other Income of $2.0 million was generated during the year ($2.0 million in 2016), associated with fees for the outsourcing of patent renewals by DCC; and
- Other income, inclusive of Foreign Exchange, was $2.9 million in 2017, compared with $5.1 million in 2016, with $0.9 million of Foreign Exchange contribution in 2017 compared with $3.1 million in 2016.

Total Expenses

Total expenses (inclusive of Operating Expenses and Recoverable Expenses from Associate Charges) of $81.6 million reflected a 4.6% decline from the 2016 level of $85.5 million.

Operating Expenses of $61.7 million, were 1.0% lower than the 2016 level of $62.3 million with the implementation of ongoing operational cost savings, including the launch of a common ICT platform and back office rationalisation initiatives.

EBITDA and EBITDA Margin

The Group recorded pro forma EBITDA of $24.5 million. The Group EBITDA margin (EBITDA as a percentage of total revenue) in 2017 was 23.7%. A more appropriate measure of EBITDA margin is to consider EBITDA as a percentage of Service Charges (given Associate Charges are predominantly reversed in Recoverable Expenses). This measure generated a 2017 EBITDA margin of 30.5%.

4. Operational and financial review (continued)

Depreciation and Amortisation

Depreciation and amortisation in 2017 was $2.0 million compared with $1.8 million in 2016. The slightly higher depreciation level in 2017 reflects expenditure on the shared ICT platform.

Net Interest and Net Debt

Net interest charges in 2017 were $1.0 million. The Company held total bank facilities of $59.5 million and had $15.7 million drawn as at 30 June 2017 with $8.3 million cash on hand. As at 30 June the Company had net debt of $7.4 million. Gearing (net debt/net debt + equity) at 30 June was 9.4%. Gearing, excluding Reorganisation Reserve was 2.5%.

Operating Cash Flow

Pro forma cash flow provided by operating activities for the year was $21.3 million with a net increase in cash of $9.1 million after investing and financing movements.

Tax Expense

QANTM's pro forma tax expense was $6.7 million with the Company's effective pro forma taxation rate 31 per cent.

Net Assets

The net assets of the Group have increased by $94.5 million, from ($23.6 million) at 30 June 2016 to $70.9 million at 30 June 2017. This increase is largely due to the following factors:

- Acquisition of FPA for equity consideration of $61.3 million
- Capital raising of $30.8 million; and
- Net profit for the period of $7.2 million, from which a dividend of $4.8 million was paid.

Directors' Declaration

5. Net profit after tax

The reconciliation table below reconciles statutory net profit after tax ('Statutory NPAT') to pro forma NPAT:

	2017 000's $	2016 000's $
Statutory NPAT	**7,180**	**25,358**
add: DCC LLP pre-acquisition NPAT	(68)	57
add: FPA pre-acquisition NPAT	(2,241)	9,215
NPAT – QANTM Group	**4,871**	**34,630**
add: finance costs	978	1,110
add: depreciation & amortisation	1,918	869
add: tax	2,867	-
EBITDA – QANTM Group	**10,634**	**36,609**
add: IPO expenses	6,601	1,533
add: share based payments	958	-
add: retention bonuses	4,553	-
add: reorganisation expenses	1,325	300
add: initial recognition Principal LSL and other leave	1,684	-
add: partnership expenditure	157	800
less: notional remuneration adjustment	(1,445)	(10,152)
less: notional public company costs	-	(2,480)
Pro forma EBITDA – QANTM Group	**24,467**	**26,610**
less: pro forma depreciation & amortisation	(2,036)	(1,834)
less: pro forma finance costs	(978)	(1,000)
less: pro forma tax	(6,683)	(7,405)
Pro forma NPAT - QANTM Group	**14,770**	**16,371**

QANTM Group - eliminates the effect of the internal restructure of the Group, which took place in the 12 months ended 30 June 2017, and presents the results based on how the Group has been constituted since the restructuring.

FPA / DCC LLP pre-acquisition NPAT - represents the net profit after tax for each of FPA and DCC LLP for the period 1 July 2016 to the date of acquisition (22 August 2016). The 2016 comparative figures include the period 1 July 2015 to 30 June 2016.

QANTM Group EBITDA - represents earnings before income tax expense, net finance costs, depreciation and amortisation for the 12 months ended 30 June 2017.

The adjustments between the QANTM Group EBITDA and QANTM Group Pro forma EBITDA arise from

- adding back the expenses of the IPO
- adding back the cost of the issue of shares to directors and employees at IPO;
- adding back one-off retention bonuses paid to key staff at IPO;
- adding back reorganisation expenses, which comprise one off costs incurred by the businesses in transitioning from a partnership structure to a corporate structure
- adding back long service leave (LSL) and other leave (comprising contractual entitlements arising on the business sale and employment of former partners in anticipation of the listing of QANTM in August 2016);
- adding back partnership expenditure, comprising expenses considered to be of a personal nature to the partners, incurred by the businesses whilst operating as partnerships, which will not be incurred by the Group;
- deducting a notional amount calculated to adjust for the effect of the increase in the former Principals' remuneration following the restructuring, for the periods before the restructuring; and
- deducting a notional amount calculated to adjust for the effect of the change to a public listed company following the restructuring, for the periods before the restructuring.

Directors' Declaration

5. Net profit after tax (continued)

The difference between the Pro forma EBITDA - QANTM Group and Pro forma NPAT- QANTM Group arises because of:

- the depreciation and amortisation expense adjustment which represents the pro forma depreciation and amortisation expense assuming the business structure had been in place for the 12 month period;
- interest expense adjustment which represents pro forma interest expense assuming the post-IPO debt profile had been in place for the 12-month period; and
- the tax effect of the adjustments between Statutory EBITDA and Pro forma EBITDA.

Further detail of the accounting methodology adopted for the restructure is provided in Note 1(a) “Group reorganisation reserve and comparative information”.

6. Business model, strategy and outlook

Business Model

QANTM Intellectual Property Limited is a listed intellectual property company which jointly owns Davies Collison Cave (DCC) and FPA Patent Attorneys (FPA). Through these two leading intellectual property firms, QANTM provides services in relation to the creation, protection, commercialisation, enforcement and management of intellectual property for a range of Australian and international clients, including Fortune 500 corporations, Australian listed companies, including those operating in pharmacy, bio-technology, agriculture and computer science, amongst others sectors. It also provides services to research institutions and universities. The Group also provides services in relation to patent designs and trademarks and, through DCC, a litigation service in relation to patent protection.

QANTM’s investment attributes include:

- involvement in a business sector that has displayed historically attractive industry dynamics, with a compound annual growth rate of patent applications of 3.3 per cent between 1997 and 2017, and with higher recent growth rates in Association of South East Asian Nations (ASEAN) economies;
- relatively predictable and growing revenue profile from the core business of intellectual property patents and trademarks;
- attractive cash flow characteristics, with high cash conversion and low working capital;
- low capital intensity for sustaining business operations; and
- high barriers to entry associated with the importance of reputable, technically qualified patent attorneys, long term client relationships and information systems for patent and trade mark recording.

Strategy

The main components of QANTM’s strategic focus include:

- focus on revenue growth from the existing business model, via new patent and trade mark applications, prosecution, advisory series and patent renewals;
- provision of patent litigation services to both domestic and international clients, with business generated from both within QANTM’s entities as well as outside clients;
- development of an intellectual property services business in Asia, initially through an organic strategy in Singapore which entails managing clients’ Asian portfolios and filings and building a local originating presence drawing upon the firm’s technical expertise as well as selective professional appointments;
- delivering synergy and common operating efficiency savings, including implementation of an ICT platform, back office rationalisation and investment in innovative technical systems; and
- maintaining and enhancing internal organisational capabilities through positioning QANTM as an employer of choice, provision of career advancement and training opportunities and selective appointment of professional personnel to enhance capabilities and build business opportunities.

Directors' Declaration

6. Business model, strategy and outlook (continued)

Outlook

The outlook for QANTM's business operations over the next twelve months include the following likely factors:

- expected growth in patent filing and trade mark applications at historical (GDP) rates in Australia;
- increased contribution from the Group's Singapore presence;
- delivery of further operational efficiencies and cost savings in 2018, with total expenses expected to remain flat over the forthcoming 12 months;
- further exploration of Asian regional expansion opportunities, with a focus on organic or lateral opportunities. Inorganic or acquisition opportunities will only be contemplated where they display strategic and financial merit;
- continued focus on the enhancement and retention of multi-disciplinary professionals and high levels of technical expertise to reinforce DCC and FPA's leading positions in patent and trade mark protection, as well as patent litigation.

7. Significant changes in state of affairs

On 22 August 2016, the shareholders of the Company undertook a corporate reorganisation:

- the Davies Collison Cave Patent and Trade Mark Attorneys partners (DCC Partners) transferred their interest in the assets of the partnership carried on by Davies Collison Cave Patent and Trade Mark Attorneys to Davies Collison Cave Pty Ltd, a newly incorporated entity, and received shares in Davies Collison Cave Pty Ltd as consideration;
- the partners in DCC's law and litigation practice, which operated as a separate legal partnership (with the same beneficial ownership as the Davies Collison Cave Patent and Trade Mark Attorneys partnership) transferred the assets of DCC's law and litigation business to Davies Collison Cave Law Pty Ltd, a newly incorporated entity, and received shares in Davies Collison Cave Law Pty Ltd as consideration;
- the shareholders in Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd transferred all their shares in the respective entities to the Company in exchange for shares in the Company;
- the business assets and liabilities of DCC's Singaporean practice which were owned by DCC LLP were acquired by Davies Collison Cave Asia Pte. Ltd., a newly incorporated wholly owned Singaporean subsidiary of the Company;
- the FPA partners transferred their interest in the assets of the business carried on by FPA to FPA Patent Attorneys Pty Ltd, a newly incorporated entity, and received shares in FPA Patent Attorneys Pty Ltd as consideration;
- the shareholders in FPA Patent Attorneys Pty Ltd transferred all their FPA Patent Attorneys Pty Ltd shares to the Company in exchange for shares in the Company;
- FPA Services, a service trust which was part of FPA's existing business, transferred all of its assets and liabilities to QIP Services Pty Ltd, a newly incorporated wholly owned subsidiary of the Company established to perform an administrative, IT, treasury and services function within the Group.
- In addition, QIP Services Pty Ltd assumed certain assets and liabilities of DCC and FPA, and leases for premises presently occupied by DCC and FPA were assigned to QIP Services Pty Ltd.

The transaction for Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd to become part of the Group occurred whilst QANTM Intellectual Property Limited, Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd were under common control of the shareholders of QANTM Intellectual Property Limited.

For consolidation purposes, the transactions have been accounted for as a group reorganisation of entities under common control at predecessor carrying value. Consequently, the assets and liabilities have not been measured at fair value, nor has any goodwill arisen. The difference between the fair value of consideration given and the carrying values of the assets and liabilities acquired by QANTM has been recognised in equity as part of the Reorganisation Reserve.

Directors' Declaration

7. Significant changes in state of affairs (continued)

The financial report presents the financial results of QANTM Intellectual Property Limited and its controlled entities using the predecessor accounting method meaning the financial report has been presented as if the combinations with Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd had occurred prior to 1 July 2015, the beginning of the earliest period presented in the financial report.

The acquisitions of FPA Patent Attorneys Pty ltd and Davies Collison Cave Asia Pte. Ltd have been accounted for as business combinations in accordance with the acquisition method under AASB 3, which requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values. The Company has performed an assessment of the fair values of the identifiable assets and liabilities acquired.

8. Remuneration Report (Audited)

The directors present the remuneration report for the year ending 30 June 2017. The information provided in this report has been audited as required by section 300A of the Corporations Act 2001.

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Group's key management personnel (KMP) for the 2017 financial year. KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The report has been divided into the following sections:

- Overview of 2017 remuneration since listing;
- KMP;
- Role of the People, Remuneration and Culture Committee;
- Non-Executive Director's remuneration;
- Executive remuneration framework;
- Relationship between the remuneration policy and company performance;
- Key terms of employment contracts; and
- Remuneration of KMP.

Overview of 2017 remuneration since listing

Since listing in August 2016, the Board is focused on developing a remuneration policy which supports the longer-term growth in the business and ultimately delivers value to our shareholders. The following are key initiatives that have been implemented focusing on retention and stability across the senior team:

- Six executives, who were formerly partners in the previous entities, and are now shareholders of QANTM, have entered into voluntary escrow arrangements in respect of their initial shareholding for a period of two years from listing;

- A long-term incentive plan was implemented for the Chief Financial Officer (CFO) who was not previously a partner in the pre-listing entities; and

- A short term and long-term incentive plan was developed and trialled for a small group of senior employees. The learnings from this exercise will shape broader based incentive plans going forward.

Directors' Declaration

8. Remuneration Report (Audited) (continued)

KMP

The directors and other KMP of the Group during, or since the end of the financial year, were:

Non-Executive Director	Position
Mr Richard England	Non-Executive Chairman
Ms Abigail Cheadle	Non-Executive Director
Mr Cameron Judson	Non-Executive Director
Ms Sonia Petering	Non-Executive Director

Executive Director	Position
Mr Leon Allen	Managing Director and Chief Executive Officer (CEO)

Executive Officers	Position
Mr Warren Howe	CFO and Company Secretary
Mr James Cherry[1]	FPA Managing Principal
Mr Michael Wolnizer[2]	DCC Principal and National Management Committee Chairperson
Mr David Webber[1]	DCC Patent Managing Principal
Mr Adam Sears[1]	DCC Trade Mark Managing Principal
Mr Christopher Jordan[1]	DCC Law Managing Principal

[1] Appointed 31 August 2016.
[2] Appointed to Chairperson of National Management Committee on 15 March 2017.

The named persons held their current position for the whole of the financial year, unless otherwise indicated.

Role of the People, Remuneration and Culture Committee

The Board has established a People, Remuneration and Culture Committee ("PRCC") which operates in accordance with its charter as approved by the Board. The PRCC assists and advises the Board on remuneration policies and practices for the Board, the Managing Director and CEO, the CFO, and any other KMP.

The objective of the Committee is to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives so that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The PRCC is also responsible for:

- reviewing the remuneration of Non-Executive Directors for serving on the Board and any Committee (both individually and in total) and making recommendations to the Board having regard to market trends;
- annually considering and making recommendations to the Board on the executive's total remuneration having regard to executive remuneration and incentive policies;
- determining if shareholder approval is needed for any change to remuneration of directors or executives;

Directors' Declaration

8. Remuneration Report (Audited) (continued)

Role of the People, Remuneration and Culture Committee (continued)

- reviewing and making recommendations to the Board on the recommendation of the Managing Director and CEO:
  - the total remuneration (including incentive awards, equity awards and retirement and termination payments);
  - the terms of engagement; and
  - any changes to the total remuneration and terms of employment, of direct reports of the Managing Director and CEO; and
- recommending to the Board for approval any changes to the remuneration or terms of engagement of the executive directors before implementation.

The PRCC or the Board has not engaged a remuneration consultant to provide remuneration advice or recommendations during the financial year.

Non-Executive Director's remuneration

Under the Constitution, the total amount of fees paid to all Directors for their services (excluding for these purposes, the salary of an Executive Director) must not exceed in aggregate $850,000 in any financial year. Any change to this aggregate annual sum needs to be approved by Shareholders. There is no performance remuneration for Non-Executive Directors.

Directors and the Chairman may also be reimbursed for expenses reasonably incurred in attending to the Company affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a director of the Company or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Details of Non-executive Director fees, inclusive of committee fees and superannuation, are summarised in the *remuneration of KMP* table of this report.

As remuneration for the services and responsibilities of those Non-Executive Directors before and during the IPO, QANTM agreed to issue free bonus shares to match, on a dollar for dollar basis, up to $150,000 for the Chairman and up to $100,000 for the other Non-Executive Directors, the number of shares issued to those Non-Executive Directors under the IPO.

The following table details the values and shares acquired by the Non-Executive Directors under this arrangement:

Name	**Personal shares purchased**		**Company bonus shares**		**Total**
	Value	**Shares**	**Value**	**Shares**	**Shares**
Mr Richard England	$150,000	67,567	$150,000	67,567	135,134
Ms Abigail Cheadle	$100,000	45,045	$100,000	45,045	90,090
Ms Sonia Petering	$50,000	22,522	$50,000	22,522	45,044
Mr Cameron Judson	$50,000	22,522	$50,000	22,522	45,044

The issue of the Non-Executive Director bonus shares occurred once and was provided as part of remuneration for the services and responsibilities of those Non-Executive Directors before and during the IPO.

As a result of these arrangements, each of the Non-Executive Directors has a shareholding providing a direct alignment of interests with the performance of the entire business, and therefore, shareholder interests.

Executive remuneration framework

The Company's remuneration policy was transitioned during its first year as a listed entity. As a former partner and previous owner, Managing Director and CEO, Mr. Leon Allen has a substantial shareholding, thereby, providing a direct alignment of interests with the performance of the entire business.

Directors' Declaration

8. Remuneration Report (Audited) (continued)

Executive remuneration framework (continued)

Most of the other senior executives and KMP were partners in the pre-IPO entities and, as a result, have substantial equity ownership in the Company. Likewise, this provides strong alignment between these executives and shareholders' interests. For this reason, these KMP will not participate in the short or long-term incentive plans for the initial three-year period in alignment with their employment contracts.

As the Company recruits new executives, the Company will develop a market focused, competitive remuneration framework to support the attraction and retention of key executive talent. The following summarises the current framework:

Total Fixed Remuneration (TFR)

Executive KMP receive total fixed remuneration which includes base pay, superannuation and other benefits such as annual leave and long service leave.

Short Term Incentive Plan (STI) – FY17

No executive KMP participated in an STI Plan during FY17.

Retention rights plan

In conjunction with listing, and as detailed in the Propsectus , the CFO was offered 15,765 retention rights based on a two-year vesting and continuous service period. Vesting is not conditional on any performance conditions.

Long Term Incentive Plan (LTI) – FY17

Of the executive KMP, the CFO was not previously a partner in the pre-listing entities. Therefore, he was the only executive KMP included in the FY17 LTI plan. The maximum LTI participation for the CFO's initial invitation is 15% of TFR.

Details of the LTI Plan are as follows:

The LTI is an issue of performance share rights based on a percentage of TFR. The value of any performance share rights accruing to participants was based on the Company's financial performance and share price performance over the relevant period.

Specifically, the LTI is based on performance across two areas of QANTM's performance:

- Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA); and
- Earnings per Share (EPS), Compound Annual Growth (CAGR) for the financial year.

The share rights will vest subject to continued service over a three-year performance period and the employee must be employed by the Company for the shares to vest. As such shares will be allocated at the start of the period after performance has been assessed. The allocated shares will then vest and be issued after three years of continued service by the employee. This occurs on a yearly basis for eligible employees.

Participation weighted across two areas:

Key performance indicator	Performance measure	Percentage of LTI payment
QANTM Performance I	EBITDA	50%
QANTM Performance II	EPS CAGR	50%

EBITDA

Company EBITDA	Percentage of EBITDA component awarded
Less than QANTM Prospectus forecast	0%
100 -110% of QANTM Prospectus forecast	50 -100%

Directors' Declaration

8. Remuneration Report (Audited) (continued)

Executive remuneration framework (continued)

There is a pro-rata, straight-line progressive rate vesting between performance at 100% of Prospectus forecast and 110% of Prospectus forecast.

Earnings Per Share (EPS), Compound Annual Growth Rate (CAGR)

EPS CAGR	Percentage of EPS component awarded
Less than 5%	0%
5% - 14.99%	25% - 99.99%
15% or over	100%

There is a pro-rata, straight-line progressive rate vesting between performance at 5% EPS CAGR and 15% EPS CAGR.

The performance shares rights will vest subject to continued service over a three-year performance period, meaning the LTI also has a retention impact during the relevant performance period.

Relationship between the remuneration policy and company performance

For the year ended 30 June 2017, the relationship between remuneration and company performance was developed for the Company's listing on the ASX in August 2016. It considers the Company's transition from private partnerships to a publicly listed company. The following are key company performance measures:

Year	Revenue	EBIT	NPAT	Dividends per share	EPS	Share price
	$000	$000	$000	cents	cents	$
2017	99,520	11,018	7,180	3.6	5.40	$1.27

FY17 executive incentive outcomes

Short Term Incentive Plan

No executive KMP participated in a STI plan for FY17. Therefore no cash bonuses were paid as a result of the FY17 performance

Long Term Incentive Plan

The CFO is the only KMP in the Company's LTI plan. The plan has a three-year performance period, and due to the performance criteria for FY17 not being met, no equity has vested during FY17.

Executive remuneration mix

The relative proportions of those elements of remuneration of KMP that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2017	2016	2017	2016
Executive Director				
Mr Leon Allen	100%	-	-	-
Executive Officers				
Mr Warren Howe	87%	-	13%	-
Mr James Cherry	100%	-	-	-
Mr Michael Wolnizer	100%	-	-	-
Mr David Webber	100%	-	-	-
Mr Adam Sears	100%	-	-	-
Mr Christopher Jordan	100%	-	-	-

Directors' Declaration

8. Remuneration Report (Audited) (continued)

Key terms of employment contracts

Employment contracts formalise the employment of the KMP with the major provisions relating to remuneration set our below:

	Terms of agreement	Base salary	Notice period
Executive Director			
Mr Leon Allen	3 years (31 Aug 2016 – 31 Aug 2019)	$228,311	6 months
Executive Officers			
Mr Warren Howe	14 Jun 16 to unspecified date	$273,973	3 months
Mr James Cherry	3 years (31 Aug 2016 – 31 Aug 2019)	$230,384	6 months
Mr Michael Wolnizer	3 years (31 Aug 2016 – 31 Aug 2019)	$228,311	6 months
Mr David Webber	3 years (31 Aug 2016 – 31 Aug 2019)	$228,311	6 months
Mr Adam Sears	3 years (31 Aug 2016 – 31 Aug 2019)	$228,311	6 months
Mr Christopher Jordan	3 years (31 Aug 2016 – 31 Aug 2019)	$228,311	6 months

Where the terms of the agreement indicate a specified end date, this is the minimum period of engagement and continues unless otherwise terminated.

Directors' Report

For the Year Ended 30 June 2017

8. Remuneration Report (Audited)

Remuneration of KMP

		Short-term employee benefits				Post employment benefits	Long-term Employee benefits		
	Year	**Salary and fees** $	**Cash bonus** $	**Non-monetary** $	**Other**[6] $	*Superannuation* $	Long service and other Leave[7] $	**Share based payments** $	**Total** $
Non-Executive Directors									
Mr Richard England	2017	200,000	-	-	-	-	-	150,000	350,000
	2016	39,786	-	-	-	-	-	-	39,786
Ms Abigail Cheadle	2017	120,000	-	-	-	-	-	100,000	220,000
	2016	12,500	-	-	-	-	-	-	12,500
Mr Cameron Judson	2017	120,000	-	-	-	-	-	50,000	170,000
	2016	12,500	-	-	-	-	-		12,500
Ms Sonia Petering	2017	120,000	-	-	-	-	-	50,000	170,000
	2016	12,500	-	-	-	-	-	-	12,500
Mr Alan Clark[1]									
Executive Director									
Mr Leon Allen[2]	2017	190,155	-	8,939	-	18,065	46,937	-	264,096
	2016	-	-	-		-	-	-	-
Executive Officers									
Mr Warren Howe[3]	2017	273,973	-	-	12,442	26,027	3,637	-	316,079
	2016	12,760	-	-	5,387	1,212	165	-	19,524
Mr James Cherry[4]	2017	191,881	-	5,944	10,669	16,338	17,513	-	242,345
	2016	-	-	-	-	-	-	-	-
Mr Michael Wolnizer[5]	2017	67,555	-	3,176	4,391	6,418	65,376	-	146,916
	2016	-	-	-	-	-	-	-	-
Mr David Webber[4]	2017	190,155	-	8,939	6,147	18,065	117,185	-	340,491
	2016	-	-	-	-	-	-	-	-
Mr Adam Sears[4]	2017	190,155	-	8,939	10,537	18,065	29,374	-	257,070
	2016	-	-	-	-	-	-	-	-
Mr Christopher Jordan[4]	2017	190,155	-	8,939	-	18,065	38,155	-	255,314
	2016	-	-	-	-	-	-	-	-

Directors' Report

For the Year Ended 30 June 2017

8. **Remuneration Report (Audited)**

Remuneration of KMP (continued)

Explanatory notes to the table on the preceding page:

1. Mr Alan Clark was appointed as a Director on 17 May 2016 and resigned 9 June 2016. During that period, he received no remuneration or benefits from the Company.
2. Mr Leon Allen was appointed a Director on 17 May 2016. No remuneration or benefits were provided to him by the Company until 31 August 2016.
3. Mr Warren Howe was seconded to act as CFO of the Company from 14 June 2016. The remuneration referred to constitutes the secondment fee until he was formally employed by the Company on 31 August 2016, together with his remuneration from the date of his appointment.
4. Represents remuneration and benefits from their date of appointment of 31 August 2016.
5. Represents remuneration and benefits from appointment as the Chairperson of the National Management Committee ("NMC") of DCC on 15 March 2017 when he became a member of the KMP.
6. Represents annual leave.
7. Represents long service leave and other leave (comprising contractual entitlements arising on the business sale and employment of former partners in anticipation of the listing of QANTM in August 2016).

No KMP appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for FY17

Cash bonuses

No cash bonuses were granted for FY17.

Employee retention rights plan

The Company has established a retention rights plan to assist with the retaining of KMP who are not associated with the existing owners. Each retention right is capable of conversion into a fully paid share after a two-year vesting period. Vesting is not conditional on any performance conditions, being conditional only by reference to continued service for the two-year vesting period.

Details of share-based payments granted as compensation to KMP during the current financial year:

Name	Rights series	Balance at 1 July 2016	Number granted	Number vested	Percentage of grant vested	Percentage of grant forfeited	Balance at 30 June 2017
Warren Howe	Series 1	-	15,765	-	-	-	15,765

The following table summarises the value of retention rights granted and exercised during the financial year, in relation to retention rights granted to KMP as part of their remuneration:

Name	Date of grant	No of rights granted	Value of rights granted at the grant date	Value of rights exercised at the exercise date	Percentage of total remuneration
Warren Howe	31 August 2016	15,765	$29,796	-	8.6%

The share rights have features akin to options, except that there is no exercise price payable. As the commonly used option pricing models value the deferral of the exercise price, and there was no exercise price, these models were not able to be applied. Accordingly, the share rights were valued on the underlying value of the QANTM shares, adjusted for the impact of dividends and a risk-free rate of return.

Directors' Report

For the Year Ended 30 June 2017

8. Remuneration Report (Audited)

Remuneration of KMP (continued)

Value of performance share rights granted, exercised and expired / forfeited in FY17

Name	Financial year granted	Fair value at grant date per right $	Vested during FY17 %	Forfeited / expired $	Accounting value of expired / forfeited $	Maximum value yet to vest $
Warren Howe	2017	1.89	-	-	-	29,796

Number of performance share rights granted, exercised and expired / forfeited in FY2017

		Vested during FY17			
Name	Grant date	Number exercised	Number Un-exercised	Total Vested & Un-exercised at End of Year	Balance at End of Year
Warren Howe	31 August 2016	-	-	-	15,765

Key management personnel equity holdings

The number of shares in the Company held during FY17 by each director, and KMP, including a close member of the family of that person or an entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence, are set out below:

Name	Balance at 1 July 2016 Number of ordinary shares	Granted as compensation during the year Number of ordinary shares	Received on exercise of rights during the year Number or ordinary shares	Other changes during the year[1] Number of ordinary shares	Balance at 30 June 2017 Number of ordinary shares
Mr Richard England	-	67,567	-	67,567	135,134
Ms Abigail Cheadle	-	45,045	-	45,045	90,090
Mr Cameron Judson	-	22,522	-	22,522	45,044
Ms Sonia Petering	-	22,522	-	22,522	45,044
Mr Leon Allen	1	-	-	2,037,226	2,037,227
Mr Warren Howe	-	-	-	-	-
Mr James Cherry	-	-	-	2,899,325	2,899,325
Mr Michael Wolnizer	-	-	-	2,037,226	2,037,226
Mr David Webber	-	-	-	2,047,236	2,047,236
Mr Adam Sears	-	-	-	2,061,693	2,061,693
Mr Christopher Jordan	-	-	-	2,047,226	2,047,226

1. Includes shares issued as part of the restructure.

9. Dividends paid or recommended

The following dividend was paid or declared during the period:

Interim fully franked ordinary dividend of 3.6 cents per share paid on 31 March 2017	$4,785,000

In respect of the year ended 30 June 2017, the directors resolved to pay a fully franked final dividend of 5.3 cents per share. The record date will be 4 September 2017. As such the dividend has not been included as a liability in these financial statements. The total dividend to be paid is $7.0 million. No dividend was paid in respect of the year ended 30 June 2016.

10. 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 Group, the results of those operations or the state of affairs of the Group in future financial years.

11. Future developments and results

A summary of the business strategy, results outlook and future developments is provided at item 6 of this Directors report.

12. Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

13. 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 of those proceedings.

14. Rounding of amounts

The Company has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

15. Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company secretaries and all executive officers of the Company and of any related body corporate against a liability that could be incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report

For the Year Ended 30 June 2017

16. Non-audit services

Details of the amounts paid or payable to the auditor for non-assurance services provided during the financial year by the auditor are outlined in Note 34 to the financial statements.

The Board of Directors, in accordance with advice from the Audit, Risk and Compliance Committee (ARCC) is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed in Note 34 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

17. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 22 of the financial report.

18. Corporate Governance

The Board and management of QANTM are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations (Corporate Governance Statement).

The Corporate Governance Statement is accurate and up to date as at 17 August 2017 and has been approved by the Board and is available for review on the Company's website (www.qantmip.com) and will be lodged together with an Appendix 4G at the same time that this Financial Report is lodged with ASX.

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

Richard T England

Chairman: ....
Richard England

Dated this 29th day of August 2017.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
Australia

Tel: +61 3 9671 7000
www.deloitte.com.au

29 August 2017

The Board of Directors
QANTM Intellectual Property Limited
Level 15, 1 Nicholson Street
MELBOURNE VIC 3000

Dear Board Members

QANTM Intellectual Property Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of QANTM Intellectual Property Limited.

As lead audit partner for the audit of the financial statements of QANTM Intellectual Property Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
Service charges		**77,456**	59,683
Associate charges		**22,064**	20,450
Total revenue		**99,520**	80,133
Other income	3	**2,896**	4,583
Employee benefits expenses	4	**(45,106)**	(22,831)
Recoverable expenses		**(19,293)**	(18,607)
Occupancy expenses	4	**(6,313)**	(4,141)
Other expenses	4	**(18,789)**	(12,016)
Earnings before depreciation and amortisation, finance costs and income tax		**12,915**	27,121
Depreciation and amortisation		**(1,897)**	(753)
Earnings before finance costs and income tax		**11,018**	26,368
Finance costs		**(970)**	(1,010)
Profit before income tax		**10,048**	25,358
Income tax expense	5	**(2,868)**	-
Net profit for the year		**7,180**	25,358
Other comprehensive income, net of income tax			
Other comprehensive income		**-**	-
Total comprehensive income for the year		**7,180**	25,358
Net profit attributable to:			
Members of the parent entity		**7,180**	25,358
Total comprehensive income attributable to:			
Members of the parent entity		**7,180**	25,358
Earnings per share			
Basic earnings per share (cents)	21	**5.40**	19.08
Diluted earnings per share (cents)	21	**5.40**	19.06

The accompanying notes form part of these financial statements.

QANTM Intellectual Property Limited and Controlled Entities

ACN: 612 441 326

Consolidated Statement of Financial Position

As At 30 June 2017

	Note	2017 000's $	2016 000's $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**8,340**	520
Trade and other receivables	7	**29,563**	22,893
Other financial assets	8	**269**	-
Other assets	9	**1,143**	2,037
TOTAL CURRENT ASSETS		**39,315**	25,450
NON-CURRENT ASSETS			
Other assets	9	**72**	-
Property, plant and equipment	10	**2,332**	2,377
Intangible assets	11	**67,074**	-
TOTAL NON-CURRENT ASSETS		**69,478**	2,377
TOTAL ASSETS		**108,793**	27,827
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**8,073**	8,267
Provisions	13	**6,454**	3,289
Borrowings	14	**581**	35,555
Other financial liabilities	15	**-**	566
Current tax liabilities		**3,538**	-
TOTAL CURRENT LIABILITIES		**18,646**	47,677
NON-CURRENT LIABILITIES			
Provisions	13	**2,677**	2,564
Borrowings	14	**15,095**	1,193
Deferred tax balance	16	**1,521**	-
TOTAL NON-CURRENT LIABILITIES		**19,293**	3,757
TOTAL LIABILITIES		**37,939**	51,434
NET ASSETS		**70,854**	(23,607)
EQUITY			
Issued capital	17	**293,798**	-
Reserves	18	**(222,730)**	-
Retained earnings	19	**(214)**	(23,607)
TOTAL EQUITY		**70,854**	(23,607)

QANTM Intellectual Property Limited and Controlled Entities

ACN: 612 441 326

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2017

2016

	Issued Capital 000's $	Reorganise Reserve 000's $	Share Based Payment Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 July 2015	-	-	-	(21,798)	**(21,798)**
Profit attributable to members of the parent entity	-	-	-	25,358	**25,358**
Other comprehensive income for the period	-	-	-	-	**-**
Total comprehensive income for the period	-	-	-	**25,358**	**25,358**
Transactions with owners in their capacity as owners					
Distributions to previous owners	-	-	-	(27,167)	**(27,167)**
Balance at 30 June 2016	**-**	**-**	**-**	**(23,607)**	**(23,607)**

2017

	Issued Capital 000's $	Reorganise Reserve 000's $	Share Based Payment Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 July 2016	-	-	-	(23,607)	**(23,607)**
Profit attributable to members of the parent entity	-	-	-	7,180	**7,180**
Other comprehensive income for the period	-	-	-	-	**-**
Total comprehensive income for the period	-	-	-	**7,180**	**7,180**
Transactions with owners in their capacity as owners					
Capital raising	30,827	-	-	-	**30,827**
Shares issued to DCC Partners	202,116	(200,866)	-	-	**1,250**
Shares issued to FPA Partners	61,266	-	-	-	**61,266**
Employee Share Schemes	830	-	126	-	**956**
Equity raising costs net of tax	(1,241)	-	-	-	**(1,241)**
Dividends paid	-	-	-	(4,785)	**(4,785)**
Distributions to previous owners	-	-	-	(992)	**(992)**
Reallocation of retained earnings at reorganisation date	-	(21,990)	-	21,990	**-**
Balance at 30 June 2017	**293,798**	**(222,856)**	**126**	**(214)**	**70,854**

The accompanying notes form part of these financial statements.

QANTM Intellectual Property Limited and Controlled Entities

ACN: 612 441 326

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**108,835**	88,239
Payments to suppliers and employees		**(86,565)**	(60,227)
Interest and costs of finance paid		**(1,088)**	(1,009)
Income tax paid		**(2,024)**	-
Net cash provided by operating activities	33	**19,158**	27,003
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash acquired	27	**2,327**	-
Proceeds from sale of property, plant and equipment		**703**	-
Payments for property, plant and equipment		**(1,311)**	(568)
Payments for intangible assets		**(38)**	-
Loans to related entities		**(507)**	(877)
Net cash provided by / (used in) investing activities		**1,174**	(1,445)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of new shares		**30,827**	-
Proceeds from bank borrowings		**15,026**	11,900
Repayment of bank borrowings		**(15,942)**	(10,749)
Repayment of previous owner borrowings		**(25,895)**	1
Distributions paid to previous owners		**(1,039)**	(26,549)
Forward exchange contracts settlement		**(835)**	-
Transaction costs relating to issue of new shares		**(9,892)**	-
Dividends paid		**(4,785)**	-
Net cash used in financing activities		**(12,535)**	(25,397)
Net increase in cash and cash equivalents held		**7,797**	161
Effects of exchange rate changes on the balance of cash held in foreign currencies		**23**	-
Cash and cash equivalents at beginning of year		**520**	359
Cash and cash equivalents at end of year	6	**8,340**	520

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2017

General Information

The financial statements cover QANTM Intellectual Property Limited as a Group, consisting of QANTM Intellectual Property Limited and the entities it controlled at the end of, or during, the year.

QANTM Intellectual Property Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Statement of Compliance

These financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

A description of the nature of the Group'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 29 August 2017.

Basis of Preparation

The financial statements have been prepared on an accruals and historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars (unless otherwise noted), which is QANTM's functional and presentation currency.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

1 Summary of Significant Accounting Policies

(a) Group reorganisation reserve and comparative information

In preparation for the initial public offering ("IPO") of QANTM on the ASX, group reorganisation transactions were undertaken which resulted in QANTM Intellectual Property Limited acquiring 100% of the shares in:

- Davies Collison Cave Pty Ltd on 22 August 2016
- Davies Collison Cave Law Pty Ltd on 22 August 2016
- Davies Collison Cave Asia Pte Ltd on 22 August 2016
- FPA Patent Attorneys Pty Ltd on 22 August 2016

Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd

The transaction for Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd to become part of the Group occurred whilst QANTM Intellectual Property Limited, Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd were under common control of the shareholders of QANTM Intellectual Property Limited.

For consolidation purposes, the transactions have been accounted for as a group reorganisation of entities under common control at predecessor carrying value. Consequently, the assets and liabilities have not been remeasured at fair value, nor has any goodwill arisen. The difference between the fair value of consideration given and the carrying values of the assets and liabilities acquired by QANTM Intellectual Property Limited has been recognised within equity as part of the "Group Reorganisation Reserve".

Notes to the Financial Statements
For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(a) Group reorganisation reserve and comparative information (continued)

Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd (continued)

The financial report presents the financial results of QANTM Intellectual Property Limited and its controlled entities using the predecessor accounting method meaning the financial report has been presented as if the combinations with Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd had occurred prior to 1 July 2015, the beginning of the earliest period presented in the financial report.

FPA Patent Attorneys Pty Ltd and Davies Collison Cave Asia Pte. Ltd

The acquisitions of FPA Patent Attorneys Pty Ltd and Davies Collison Cave Asia Pte. Ltd have been accounted for as business combinations in accordance with the acquisition method under AASB 3. AASB 3 requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values.

(b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent QANTM Intellectual Property Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 26.

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Business combinations

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

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

1 Summary of Significant Accounting Policies (continued)

(c) Business combinations (continued)

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

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

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

Goodwill

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

i) the consideration transferred;

ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii) the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

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

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

Refer to Note 27 for information on the goodwill recognised by the Group for acquisitions.

Goodwill on acquisition of subsidiaries is included in intangible assets.

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

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

1 Summary of Significant Accounting Policies (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue recognition relating to the provision of services, including associate charges, is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent the related expenditure is recoverable.

Total revenue comprises Service Charges and Associate Charges. Service Charge revenue is earned by providing professional services to clients for ongoing protection of intellectual property. Associate Charge revenue includes revenue from recharging, as Principal, the cost of arranging for intellectual property protection in other jurisdictions and revenue from recharging the fees of barristers and other experts.

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

All revenue is stated net of the amount of GST.

Interest revenue

Interest is recognised using the effective interest method.

Work in progress

Work in progress (WIP) represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. WIP is valued at net realisable value after providing for any foreseeable losses. WIP older than 90 days is reviewed and any WIP considered not recoverable is written off.

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of QANTM, 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 additional ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(f) Recoverable expenses

Recoverable expenses are payments such as to foreign agents that lodge applications in countries primarily outside of those countries in which the Group acts directly before the national intellectual property office, are recognised as an expense as incurred and, to the extent recoverable, as revenue.

1 Summary of Significant Accounting Policies (continued)

(g) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117 and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(h) Foreign currency transactions and balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars as follows:

- income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the balance date; and
- all resulting exchange differences are recognised in other comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(i) Income tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group, effective for the 2017 financial year. Consequently, all members of the tax-consolidated group will be treated as a single entity for Australian income tax purposes. The head company of the tax consolidated group will be QANTM Intellectual Property Limited.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (parent in the tax-consolidated group).

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the head entity level of the Group.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than because of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group can control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1 Summary of Significant Accounting Policies (continued)

(i) Income tax (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The change in legal structure on listing caused a change in the tax status of the operations. This change in tax status has been included in profit and loss for the period. Transactions and events with tax consequences which are recognised outside of the profit and loss statement, the impact of the change in tax status is also recognised outside of the profit and loss statement.

Change in accounting policy – deferred tax measurement relating to indefinite life intangible assets

During the period, the IFRS Interpretations Committee issued its agenda decision related to the expected manner of recovery of indefinite life intangible assets. The Committee was asked to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for deferred tax measurement purposes. The Committee indicated that the fact that an entity does not amortise an indefinite life intangible asset does not necessarily mean that the carrying amount will be recovered only through sale and not use. Therefore the entity should determine the expected manner of recovery of the carrying amount of the intangible asset. Previously the Group measured deferred tax liabilities on the assumption of the tax consequences that would arise solely from the sale of the assets. Under its new policy, the Group considers its expected manner of recovery. The Group has implemented this guidance on a retrospective basis as a change in accounting policy to AASB 112 Income Taxes. These changes at 30 June 2017 solely impacts the FPA acquisition accounting finalisation whereby goodwill and deferred tax liabilities increased by $810,000 to recognise the deferred tax liability on brand names (2016: nil impact).

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

1 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Trade and other receivables include amounts due from customers for 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.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

Non derivative financial liabilities are recognised at amortised cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 90 days of recognition of the liability.

Trade accounts payable comprise the original debt less principal payments plus, where applicable, any accrued interest.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The carrying amount of financial assets is reviewed annually by the directors' to assess whether there is any objective evidence that a financial asset is impaired. Where such objective evidence exists, the Company recognises impairment losses.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

1 Summary of Significant Accounting Policies (continued)

(l) Property, plant and equipment (continued)

The estimated useful lives used for each class of depreciable asset are shown below:

Class of fixed asset	Estimated useful lives
Leasehold improvements	Term of lease
Motor Vehicles	3-5 years
Office Equipment	5-15 years
Assets under finance	Term of lease

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(m) Intangibles

Intangible assets acquired as part of a business combination, are measured at their fair value at the date of acquisition.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and it is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit and loss and not subsequently reversed.

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Customer Relationships

Customer relationships are the assessed value of the supply of goods and services that exist at the date of acquisition. In valuing customer relationships, consideration is given to historic customer retention and decay statistics, projected future cash flows and appropriate capital charges.

Customer relationships are amortised over a period of 20 years. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Brand Names

Brand names are intangible assets with indefinite useful lives that are acquired separately and are carried at cost less accumulated impairment losses.

Brand names are not amortised but are tested for impairment annually.

1 Summary of Significant Accounting Policies (continued)

(m) Intangibles (continued)

Intangible assets acquired separately (continued)

Goodwill

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

Amortisation rates

Class of intangibles	Amortisation rate	Amortisation basis
Client relationships	20 years	Straight line
Software	5 years	Straight line

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(n) Impairment of assets

Goodwill and other assets that have an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 'Impairment of Assets'. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1 Summary of Significant Accounting Policies (continued)

(p) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases are classified as either operating lease or finance lease based on the transfer of significant risks and rewards of ownership.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Employee benefits

Short and long-term employee benefit

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

Other long-term employee benefits

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

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

Defined contribution superannuation benefits

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

1 Summary of Significant Accounting Policies (continued)

(r) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(t) Borrowing costs

All borrowing costs are amortised over the term of the borrowings.

(u) Share 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.

(v) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(w) Rounding of Amounts

The Company has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

1 Summary of Significant Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

Key judgements

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(n).

FPA acquisition costs

The acquisition of FPA Patent Attorneys Pty Ltd has been accounted for as business combination in accordance with the acquisition method under AASB 3. AASB 3 requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values requiring judgment and complexity in their assessment. The Company has performed their assessment of the fair values of the identifiable assets and liabilities acquired at acquisition date, including the recognition of intangible assets and related deferred tax balances as disclosed in note 27.

Group reorganisation

As described in Note 1(a) the Group undertook a reorganisation prior to IPO. As there are no accounting standards that specifically govern such transactions, the Directors and management have had to exercise significant judgment in their accounting, giving due consideration to the complexity of the steps involved, the nature of the related party transactions involved and any application of Australian Accounting Standards. For consolidation purposes, the transactions have been accounted for as a group reorganisation of entities under common control at predecessor carrying value. Consequently, the assets and liabilities have not been remeasured at fair value and no goodwill has arisen. The difference between the fair value of consideration given and the carrying values of the assets and liabilities acquired by QANTM Intellectual Property Limited has been recognised within equity as part of the "Group Reorganisation Reserve".

(y) New Accounting Standards and Interpretations

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

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

  The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments and revised recognition and derecognition requirements for financial instruments.

1 Summary of Significant Accounting Policies (continued)

(y) New Accounting Standards and Interpretations (continued)

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

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

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

  The transitional provisions of this Standard permit an entity to either:

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

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

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

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

  The main changes introduced by the new Standard include:

  - recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;

1 Summary of Significant Accounting Policies (continued)

(y) New Accounting Standards and Interpretations (continued)

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

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2016-5: A*mendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions* (applicable from 1st January 2018).

  This standard provides guidance on treatment of vesting conditions in a cash-settled share based payment arrangement that are similar to what has been prescribed for equity settled share based payment arrangements. It also clarifies that, subject to certain exceptions, share based payment transactions with net-settlement feature on account of withholding tax obligations should be classified in entirety as equity settled share based payment.

  Since the Group does not have a policy of cash-settled share based awards or net-settlement features in equity settled plans, this standard is not expected to impact the Group’s financial statements.

2 Segment Information

Basis for segmentation

AASB 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in two geographic locations, which are its reportable segments. The Group has identified its operating segments based on geographical locations being Australia and Asia. The Asian operating segment is considered immaterial and does not currently meet the reporting criteria per AASB 8 Operating Segments, therefore the Group will only report one operating segment, being Australia, in its financial reports. If the Asian operating segment meets the reporting criteria in future periods this information will be disclosed separately in accordance with AASB 8.

Major customers

No single customer contributed 10% or more to the Group’s revenue during either 2017 or 2016.

Notes to the Financial Statements
For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
3 Other Income			
Foreign exchange gains		**848**	2,535
Other income		**2,048**	2,048
		2,896	4,583

4 Expenses

The result for the year includes the following specific expenses:

Employee benefits expenses

Employee compensation expenses for the period from 23 August 2016 to 30 June 2017 includes Principals' compensation. Prior to this date, Principals were Partners and did not receive compensation.	**45,106**	22,831

Operating lease expenses

Operating leases have been taken out for the rental of premises. In the statement of Profit and Loss, these expenses form part of Occupancy expenses.	**5,505**	3,653

Other expenses

Travel and entertainment	**2,042**	2,324
Technology costs	**3,597**	3,242
Marketing	**1,231**	1,160
IPO Costs	**6,601**	1,533
Other expenses	**5,318**	3,757
	18,789	12,016

5 Income Tax Expense

The comparative period has nil tax effect as prior to the group restructure the entities were not subject to corporation taxes as they were under partnership tax paying arrangements. Upon restructuring the group, deferred taxes were recognised, as described below:

- DCC's initial net deferred tax asset recognised with a corresponding increase in the group reorganisation reserve
- FPA's initial net deferred tax asset recognised with a corresponding decrease in goodwill

(a) The major components of tax expense comprise:

	Note	2017	2016
Current tax expense		**5,599**	-
Deferred tax expense	5(b)	**(2,731)**	-
	5(c)	**2,868**	-

Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Income Tax Expense (continued)

(b) Deferred Income Tax Expense included in Income Tax Expense comprises:

	2017 000's $	2016 000's $
(Increase)/decrease in deferred tax asset	**(2,524)**	-
Increase/(decrease) in deferred tax liability	**(207)**	-
	(2,731)	-

(c) Numerical reconciliation of income tax expense to prima facie tax payable:

	2017 000's $	2016 000's $
Profit before income tax expense	**10,048**	25,358
Tax at the statutory rate of 30%	**3,014**	-
Tax effect of differential corporate tax rate	**(21)**	-
Add tax effect of:		
- Non-deductible expenses	**327**	-
- Other	**5**	-
Less tax effect of:		
- Additional deferred tax recognised during the period	**(140)**	-
- Non-assessable income	**(317)**	(25,358)
Income tax expense	**2,868**	-
The applicable weighted average effective tax rates are as follows:	**29%**	-%

6 Cash and Cash Equivalents

	2017 000's $	2016 000's $
Cash on hand	**9**	6
Bank balances	**8,331**	514
	8,340	520

Notes to the Financial Statements
For the Year Ended 30 June 2017

		Note	2017 000's $	2016 000's $
7	**Trade and Other Receivables**			
	CURRENT			
	Trade receivables	7(a)	**29,726**	22,810
	Less: Provision for impairment of receivables	7(b)	**(626)**	(370)
			29,100	22,440
	Other receivables		**463**	453
	Total current trade and other receivables		**29,563**	22,893

(a) Aged analysis

	2017	2016
The ageing analysis of trade receivables is as follows:		
0-30 days	**13,103**	9,789
31-60 days	**6,906**	6,008
61-90 days (past due not impaired)	**3,530**	2,874
91+ days (past due not impaired)	**5,561**	3,769
91+ days (past due and impaired)	**626**	370
	29,726	22,810

(b) Impairment of receivables

	2017	2016
Reconciliation of changes in the provision for impairment of receivables is as follows:		
Balance at beginning of the year	**370**	520
Additional provisions recognised	**276**	515
Additions through business combinations	**578**	-
Receivables written off during the year as uncollectable	**(598)**	(665)
Balance at end of the year	**626**	370

		Note	2017	2016
8	**Other Financial Assets**			
	CURRENT			
	Financial assets at fair value through profit or loss	23	**269**	-
			269	-
9	**Other Assets**			
	CURRENT			
	Prepayments		**1,097**	1,009
	Related party receivables		**-**	877
	Deferred borrowing costs[1]		**46**	-
	GST receivable		**-**	151
			1,143	2,037
	NON-CURRENT			
	Deferred borrowing costs[1]		**72**	-
			72	-

[1]Amortised over three years

Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 000's $	2016 000's $
10 Property, plant and equipment		
Leasehold improvements		
At cost	**1,802**	1,554
Accumulated depreciation	**(1,263)**	(784)
Net carrying value of leasehold improvements	**539**	770
Motor vehicles		
At cost	**-**	966
Accumulated depreciation	**-**	(263)
Net carrying value of motor vehicles	**-**	703
Office equipment		
At cost	**2,524**	2,233
Accumulated depreciation	**(1,940)**	(1,798)
Net carrying value office equipment	**584**	435
Assets under finance		
At cost	**1,885**	831
Accumulated depreciation	**(676)**	(362)
Net carrying value of assets under finance	**1,209**	469
Total property, plant and equipment	**2,332**	2,377

(a) Movements in carrying amounts of property, plant and equipment

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

	Leasehold Improves 000's $	Motor Vehicles 000's $	Office Equipment 000's $	Assets under finance 000's $	Total 000's $
2016					
Opening balance at 1 July 2015	1,128	620	395	237	**2,380**
Additions at cost	500	578	288	389	**1,755**
Disposals - written down value	(500)	(495)	(10)	-	**(1,005)**
Depreciation expense	(358)	-	(238)	(157)	**(753)**
Closing balance at 30 June 2016	**770**	**703**	**435**	**469**	**2,377**
2017					
Opening balance at 1 July 2016	770	703	435	469	**2,377**
Additions at cost	-	-	238	1,054	**1,292**
Additions through business combinations	222	-	197	-	**419**
Disposals - written down value	-	(703)	(4)	-	**(707)**
Depreciation expense	(453)	-	(282)	(314)	**(1,049)**
Closing balance at 30 June 2017	**539**	**-**	**584**	**1,209**	**2,332**

Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Intangible Assets

	Note	2017 000's $	2016 000's $
Goodwill			
Acquisitions through business combinations	27	**45,836**	-
Accumulated impairment losses		**-**	-
Net carrying value of goodwill		**45,836**	-
Brand names			
Acquisitions through business combinations	27	**2,700**	-
Accumulated impairment		**-**	-
Net carrying value of brand names		**2,700**	-
Client relationships			
Acquisitions through business combinations	27	**19,300**	-
Accumulated amortisation and impairment		**(825)**	-
Net carrying value of client relationships		**18,475**	-
Software			
Additions at cost		**61**	-
Acquisitions through business combinations	27	**25**	-
Accumulated amortisation and impairment		**(23)**	-
Net carrying value of software		**63**	-
Total Intangibles		**67,074**	-

(a) Movements in carrying amounts of intangible assets

	Goodwill 000's $	Brand Name 000's $	Client Relationship 000's $	Software 000's $	Total 000's $
2017					
Opening value at 1 July 2016	-	-	-	-	**-**
Additions	-	-	-	61	**61**
Additions through business combinations	45,836	2,700	19,300	25	**67,861**
Amortisation	-	-	(825)	(23)	**(848)**
Closing value at 30 June 2017	**45,836**	**2,700**	**18,475**	**63**	**67,074**

Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Intangible Assets (continued)

(b) Cash-generating unit

The following intangible assets including indefinite life intangible assets goodwill and brand names are allocated to the FPA cash generating unit (CGU) for impairment testing purposes:

	2017 000's $	2016 000's $
Goodwill	**45,836**	-
Brand names	**2,700**	-
Customer relationships (at amortised cost)	**18,475**	-
Software	**63**	-
	67,074	-

(c) Impairment testing

In accordance with the Group’s accounting policies, the Group performs its impairment testing at least annually at 31 March for intangible assets with indefinite useful lives, with consideration of impairment indicators between 31 March and 30 June. More frequent reviews are performed for indications of impairment of all the Group’s assets including customer relationships and operating assets.

In accordance with the Group’s accounting policies, the Group has evaluated whether the recoverable amount of the FPA CGU exceeds its carrying amount. The recoverable amount is determined based on the fair value less cost of disposal (‘FVLCD’) method.

Key assumptions

The recoverable amount of the FPA CGU is based on projecting the future unlevered cash flows over a five year period with the period beyond five years extrapolated using an estimated growth rate. The cash flows are discounted at an appropriate rate to derive the recoverable amount. The following key assumptions were used:

- Revenue growth of +3.6% from FY2018 to FY2022;
- Overhead costs based on inflationary impacts offset by ongoing cost efficiencies;
- Longer term projection using a growth rate of +3.6% per annum for a period of 20 years;
- Post-tax discount rate of 10.68% (Pre-tax discount 15.3%).

The assumptions are based on the Group’s forecast operating and financial performance of FPA reflecting prior performance, current growth rate achieved and the historic growth of patent applications in Australia. The discount rate is derived from the Group’s weighted average cost of capital, adjusted for varying risk profiles.

The key assumptions used in the FVLCD calculations represent management's best estimate at 30 June 2017. Management has considered the sensitivity of the FVLCD to changes in assumptions and does not believe there are reasonable possible changes in the key assumptions which would cause the carrying value of the FPA CGU to materially exceed its recoverable amount.

Outcome of assessment

The recoverable amount of the FPA CGU exceeds its carrying amount. No impairment indicators were identified.

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 000's $	2016 000's $
12 Trade and Other Payables		
CURRENT		
Trade payables	**5,511**	4,560
GST payable	**255**	210
Other payables	**2,307**	3,497
	8,073	8,267

	2017 000's $	2016 000's $
13 Provisions		
CURRENT		
Employee benefits	**6,423**	3,289
Lease incentive provisions	**31**	-
	6,454	3,289
NON-CURRENT		
Employee benefits	**383**	267
Lease incentive provisions	**2,294**	2,297
	2,677	2,564

(a) Movement in carrying amounts

	Employee Benefits 000's $	Lease Incentive Provisions 000's $	Total 000's $
Opening balance at 1 July 2015	2,985	1,908	**4,893**
Additional provisions	1,798	389	**2,187**
Provisions used	(1,227)	-	**(1,227)**
Closing balance at 30 June 2016	**3,556**	**2,297**	**5,853**
Additional provisions	4,705	28	**4,733**
Additional provisions through business combinations	906	-	**906**
Provisions used	(2,361)	-	**(2,361)**
Closing balance at 30 June 2017	**6,806**	**2,325**	**9,131**

Notes to the Financial Statements

For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
14 Borrowings			
CURRENT			
Unsecured liabilities:			
Loans from previous owners		**-**	23,656
		-	23,656
Secured liabilities:			
Bank overdrafts		**-**	1,451
Bank loans		**-**	9,499
Leases	32	**581**	949
		581	11,899
Total current borrowings		**581**	35,555
NON-CURRENT			
Secured liabilities:			
Bank loans	14(b)	**14,600**	-
Leases	32	**495**	1,193
Total non-current borrowings		**15,095**	1,193
Total borrowings		**15,676**	36,748

(a) Total current and non-current secured borrowings

	2017 000's $	2016 000's $
Bank overdrafts	**-**	1,451
Bank loans	**14,600**	9,499
Leases	**1,076**	2,142
	15,676	13,092

(b) Summary of borrowing arrangements

As part of the corporate reorganisation, the Company established new banking facilities with ANZ. These banking facilities include:

- $25 million revolving overdraft sub-facility and cash advance sub-facility (Facility A);
- $4.5 million asset finance facility (Facility B); and
- $30 million acquisition facility (Facility C).

Together, these facilities are referred to as the Banking Facilities.

Facilities A, B and C have a maturity date of 31 July 2019. All facilities have a variable interest rate based on bank bill swap rate (BBSY) plus a margin calculated with reference to the net leverage ratio. In addition, line fees calculated based on the relevant facility limit are payable on Facility A and Facility C.

The facility agreement under which banking facilities have been made available contains financial covenants typical for facilities of this nature. The covenants which are tested quarterly (unless otherwise specified in the facility agreement), relate to the leverage ratio, fixed charge cover ratio, working capital ratio and debt/debt + equity ratio. The Company has operated within these covenants during the period.

Notes to the Financial Statements
For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
14 Borrowings (continued)			
(b) Summary of borrowing arrangements (continued)			
Amount unutilised		**43,824**	5,348
Amount utilised		**15,676**	13,092
		59,500	18,440

(c) Assets pledged as security for borrowings

The banking facilities are secured by a security interest granted by the Group over all of their assets in favour of ANZ as well as cross guarantees and indemnities between the Group members.

	Note	2017 000's $	2016 000's $
15 Other Financial Liabilities			
CURRENT			
Financial liabilities at fair value through profit or loss	23	**-**	566
		-	566

16 Deferred Tax Balances

	Opening Balance 000's $	Recognised in Profit or Loss 000's $	Recognised directly in Equity 000's $	Acquisition (Note 27) 000's $	Closing Balance 000's $
Deferred Tax Asset					
Balance at 1 July 2016	-	-	-	-	**-**
Black hole expenses	-	1,639	501	-	**2,140**
Other assets	-	87	-	-	**87**
Trade payables	-	190	-	-	**190**
Provisions	-	608	1,967	340	**2,915**
Balance at 30 June 2017	**-**	**2,524**	**2,468**	**340**	**5,332**
Deferred Tax Liability					
Balance at 1 July 2016	-	-	-	-	**-**
Trade receivables	-	(53)	-	(46)	**(99)**
Property, plant and equipment	-	191	(414)	-	**(223)**
Intangible assets	-	248	-	(6,600)	**(6,352)**
Trade payables	-	(179)	-	-	**(179)**
Balance at 30 June 2017	**-**	**207**	**(414)**	**(6,646)**	**(6,853)**
Net deferred tax	**-**	**2,731**	**2,054**	**(6,306)**	**(1,521)**

16 Deferred Tax Balances (continued)

Unrecognised deferred tax assets

Deferred tax assets were not brought to account in the prior year as the former partnership entity was not taxable in its own right. Since the reorganisation has occurred, the Group has recognised the deferred tax assets and deferred tax liabilities arising from its temporary differences.

17 Issued Capital

	2017 000's $	2016 000's $
132,900,281 (2016: 1) Ordinary Shares	**293,798**	-
	293,798	-

(a) Ordinary shares

	2017 No.	2016 No.
At the beginning of the reporting period	**1**	-
Shares issued during the year:		
Initial capital	**-**	1
Shares issued to DCC Partners	**91,043,118**	-
Shares issued to FPA Partners	**27,597,152**	-
Capital Raising	**13,886,260**	-
Employee Share Schemes	**373,750**	-
At the end of the reporting period	**132,900,281**	1

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares. The issued capital balance above is net of share issue costs of $1,241,000 net of tax.

(b) Employee share schemes

Shares were issued to directors, employees and former partners now employed as consultants, in connection with the re-organisation, acquisition of FPA and the IPO.

(c) Capital Management

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

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. Other than its banking covenants, the Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the date of the Prospectus.

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Reserves

	Note	2017 000's $	2016 000's $
Share based payment reserve			
Opening balance		**-**	-
Recognition of share-based payments		**126**	-
	18(a)	**126**	-
Reorganisation reserve			
Opening balance		**-**	-
Shares issued to DCC Partners		**(202,419)**	-
Reallocation of retained earnings at reorganisation date		**(21,990)**	-
Tax effect on reorganisation reserve		**1,553**	-
	18(b)	**(222,856)**	-
Total reserves		**(222,730)**	-

(a) Share based payment reserve

The share based payment reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

(b) Reorganisation reserve

As described in Note 1(a), the restructure has been accounted for using the net carrying values of the DCC partnership prior to the reorganisation. The difference between the fair value of shares issued (based on market value) and the carrying values of net assets acquired has been recognised as a reorganisation reserve.

19 Retained Earnings

	2017 000's $	2016 000's $
Opening balance	**(23,607)**	(21,798)
Net profit attributable to the shareholders	**7,180**	25,358
Ordinary dividends paid	**(4,785)**	-
Distribution to previous owners	**(992)**	(27,167)
Reallocation of retained earnings at reorganisation date	**21,990**	-
Retained earnings at end of the year	**(214)**	(23,607)

	2017 000's $	2016 000's $
20 Dividends		
The following dividends were declared and paid:		
Interim fully franked ordinary dividend of 3.6 (2016: $NIL) cents per share paid on 31 March 2017	**4,785**	-

In respect of the year ended 30 June 2017, the directors resolved to pay a fully franked final dividend of 5.3 cents per share. The record date will be 4 September 2017. As such the dividend has not been included as a liability in these financial statements. The total dividend to be paid is $7.0 million. No dividend was paid in respect of the year ended 30 June 2016.

There are no income tax consequences arising from this dividend at 30 June 2017.

Franking account

	2017 000's $	2016 000's $
The franking credits available for subsequent financial years at a tax rate of 30%	**10**	-

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

21 Earnings Per Share

The calculation of Statutory EPS is presented below:

	2017 cents per share	2016 cents per share
Total basic earnings per share	**5.40**	19.08
Total diluted earnings per share	**5.40**	19.06

(a) Reconciliation of earnings used in calculating earnings per share

	2017 000's $	2016 000's $
Profit for the period attributable to owners of the Company	**7,180**	25,358

(b) Earnings used to calculate overall earnings per share

	2017 000's $	2016 000's $
Earnings used to calculate overall earnings per share	**7,180**	25,358

21 Earnings Per Share (continued)

(c) Weighted average number of shares used as the denominator in calculation of earnings per share

Given the restructure that occurred in August 2016, the 2016 earnings per share have been presented by applying the number of shares and rights existing following the restructure.

	2017 No.	2016 No.
Weighted average number of ordinary shares used in calculating basic earnings per share	**132,900,281**	132,900,281
Adjustments for calculation of diluted earnings per share:		
- Retention rights	**162,158**	162,158
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**133,062,439**	133,062,439

(d) Information concerning the classification of securities

Retention rights granted to employees under the Group's executive and employee share option plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The retention rights have not been included in the determination of basic earnings per share.

22 Share-based Payments

The Company has established a long term incentive plan (LTIP) in order to assist in the motivation and retention of key employees. The LTIP is designed to align the interests of eligible employees more closely with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company.

Each retention right issued under the LTIP converts into one ordinary share of QANTM on exercise. No amounts are paid or payable by the recipient of the retention right, and the retention rights carry neither rights to dividends nor voting rights. The retention rights are treated as in substance options and accounted for as share-based payments.

Prior to listing, the Company issued 162,158 retention rights to 13 senior employees. Each right is capable of conversion into a fully paid share after a two year vesting period. Vesting is not conditional on any performance conditions, only time and continued service.

The Group has the following share-based payment schemes:

	2017 No.	2016 No.
Balance at the beginning of the year	-	**-**
Number issued during the financial year	162,158	**-**
Balance at the end of the year	**162,158**	-
Exercisable at the end of the year	-	**-**

	2017 000's $	2016 000's $
Share based payment expense recognised during the year	**126**	**-**

22 Share-based Payments (continued)

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

Grant date	Expiry Date and Vesting Date	Grant Date Fair Value $	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
30 August 2016	30 August 2018	1.89	-	162,158	-	-	162,158

For the options issued during the current period, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date share price	$2.22
Exercise price	$Nil
Estimated Volatility	N/A
Years to vest	2
Risk free interest rate	2.74%
Dividend yield	4.90%

The weighted average fair value of the retention rights granted during the financial year is $1.89.

The retention rights have features akin to options, except that there is no exercise price payable. As the option pricing models in common use value the deferral of the exercise price, these models were not able to be applied, and the retention rights were valued on the underlying value of the QANTM shares, adjusted for the impact of dividends and a risk free rate of return.

23 Financial Risk Management

Objectives, policies and processes

The Group's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk (including foreign currency risk and interest rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group may obtain payment in advance or restrict the services offered where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors and does not hold any collateral.

23 Financial Risk Management (continued)

Market risk

Foreign currency risk

A substantial portion of the Group's revenues and cash flows are generated in USD. The majority of the Group's key expenses, including rent and wages, are payable in AUD. Accordingly, any appreciation of the AUD against the USD as well as other adverse exchange rate movements, could have an adverse effect on the Company's future financial performance and position. If the AUD appreciates against the USD, the Group's cash receipts in AUD could be lower which could result in a lower net profit for the Group.

The Group has historically used hedging to reduce the impact of currency movements in USD denominated invoices between the time of invoicing and receipt of payment. The Group has entered into hedging where appropriate to set or cap the USD to AUD conversion rate.

The Group's net asset exposure in AUD at reporting date was as follows:

	AUD 000's $	USD 000's $
30 June 2016		
Asset exposure	13,298	9,875
Liabilities exposure	(2,231)	(1,657)
Net exposure	**11,067**	**8,218**
30 June 2017		
Asset exposure	15,566	11,967
Liabilities exposure	(2,964)	(2,279)
Net exposure	**12,602**	**9,688**

Sensitivity analysis

Sensitivity analysis on forecast EBITDA of $27.5 million for the 2017 financial year is as follows:

	Increase / (Decrease)	2017 EBITDA impact 000's $	2017 NPAT impact 000's $
Change in AUD/USD exchange rate	1 cents / (1 cents)	(0.7) / 0.7	(0.5) / 0.5
Change in compensation expense	1.0% / (1.0%)	(0.4) / 0.4	(0.3) / 0.3
Change in Service Charge revenue	1.0% / (1.0%)	0.9 / (0.9)	0.6 / (0.6)

Interest rate risk

The Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not enter into any derivative financial instruments to manage its exposure to interest rate risk.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

23 Financial Risk Management (continued)

At the reporting date, the Group had the following variable rate borrowings outstanding:

	2017		2016	
	Weighted average interest rate	Balance 000's	Weighted average interest rate	Balance 000's
	%	$	%	$
Overdraft facility	-	-	9.050	1,451
Bank loans	6.046	14,600	6.140	9,499
Net exposure to cash flow interest rate risk		**14,600**		**10,950**

	Effective Average Fixed Interest Rate Payable		Notional Principal	
	2017	2016	2017	2016
Maturity of notional amounts	%	%	$000	$000
Less than 1 year	-	7.595	-	10,950
1 to 2 years	6.046	-	14,600	-
2 to 5 years	-	-	-	-

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The Board considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

Notes to the Financial Statements
For the Year Ended 30 June 2017

23 Financial Risk Management (continued)

The table below shows the assigned level for each asset and liability held at fair value by the Group:

30 June 2016		Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities					
Forward exchange contracts	15	-	566	-	566
Total liabilities		**-**	**566**	**-**	**566**
30 June 2017					
Assets					
Forward exchange contracts	8	-	269	-	269
Total assets		**-**	**269**	**-**	**269**

There were no transfers between levels during the financial year.

24 Fair Value Measurement

Forward exchange contracts

Valuation techniques and key inputs

Discounted cash flow method is used - Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

25 Parent Entity

Set out below is the supplementary information about the parent entity.

	2017 000's $	2016 000's $
Statement of Financial Position		
Current assets	**175**	423
Total Assets	**88,019**	423
Current liabilities	**4,843**	2,040
Total Liabilities	**4,843**	2,040
Equity		
Issued capital	**91,682**	-
Share based payment reserve	**128**	**-**
Retained earnings	**(8,634)**	(1,617)
Total Equity	**83,176**	(1,617)
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**(2,232)**	(1,617)
Total comprehensive income	**(2,232)**	(1,617)

25 Parent Entity (continued)

Guarantees

The parent entity has entered into a Deed of Cross-Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries and the subsidiaries guarantee the debts of the parent entity.

Further details of the Deed of Cross-Guarantee and the entity subject to the deed are disclosed in Note 28.

Contingent liabilities

At 30 June 2017, bank guarantees in respect of property leases were maintained.

Further details of the contingent liabilities are disclosed in Note 31.

Contractual commitments

The parent entity does not have any material contractual commitments as at 30 June 2017 or 30 June 2016.

26 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)[1] 2017	Percentage Owned (%)[1] 2016
Subsidiaries:			
Davies Collison Cave Pty Ltd[2]	Australia	100	-
Davies Collison Cave Law Pty Ltd[2]	Australia	100	-
Davies Collison Cave Asia Pte Ltd	Singapore	100	-
FPA Patent Attorneys Pty Ltd[2]	Australia	100	-
QIP Services Pty Ltd[2]	Australia	100	-
QIP Nominees Pty Ltd[2]	Australia	100	-

1. The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.
2. Members of the cross guarantee group. Refer to Note 28.

27 Changes in the Composition of QANTM

On 22 August 2016, the Group acquired 100% interest in FPA Patent Attorneys Pty Ltd and 100% interest in Davies Collison Cave Asia Pte Ltd.

FPA Patent Attorneys Pty Ltd is a patent attorney firm specialising in patent protection and Davies Collison Cave Asia Pte Ltd is engaged in patent, trade mark and design protection in Singapore and the ASEAN region. The acquisitions allowed QANTM to diversify its current IP offerings.

Acquisitions	**Date of acquisition**	**Proportion of ownership acquired %**	**Cost of acquisition 000's $**
FPA Patent Attorneys Pty Ltd	22 August 2016	100%	61,266
Davies Collison Cave Asia Pte Ltd	22 August 2016	100%	-
Total consideration			61,266

Notes to the Financial Statements
For the Year Ended 30 June 2017

27 Changes in the Composition of QANTM (continued)

Assets acquired and liabilities assumed at the date of acquisition

	000's $
Current assets	
Cash and cash equivalents	2,327
Trade and other receivables	7,773
Other	273
Non-current assets	
Property, plant and equipment	419
Intangible assets	22,025
Current liabilities	
Trade and other payables	(3,404)
Provisions	(520)
Borrowings - partners	(1,622)
Borrowings - external	(3,500)
Non-current liabilities	
Provisions	(386)
Borrowings	(1,649)
Deferred tax liabilities	(6,306)
Net assets	**15,430**
Goodwill arising on acquisition	
Cash consideration	-
Equity consideration	61,266
Fair value of identifiable net assets acquired	(15,430)
Goodwill	**45,836**

The acquisitions of FPA Patent Attorneys Pty Ltd and Davies Collison Cave Asia Pte Ltd have been accounted for as business combinations with the acquisition method under AASB 3, which requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values.

Notes to the Financial Statements
For the Year Ended 30 June 2017

28 Deed of Cross-Guarantee

The members of the Group party to the deed of cross guarantee are detailed in Note 26. The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the entities party to the deed of cross guarantee are:

	2017 000's $	2016 000's $
Statement of Comprehensive Income		
Service charges	**74,978**	59,683
Associate charges	**22,064**	20,450
Total revenue	**97,042**	80,133
Other income	**2,883**	4,583
Employee benefits expense	**(43,817)**	(22,831)
Recoverable expenses	**(19,293)**	(18,607)
Occupancy expenses	**(5,963)**	(4,141)
Other expenses	**(18,191)**	(12,016)
Earnings before depreciation and amortisation, finance costs and income tax	**12,661**	27,121
Depreciation and amortisation	**(1,804)**	(735)
Earnings before finance costs and income tax	**10,857**	26,386
Finance costs	**(970)**	(1,028)
Profit before income tax	**9,887**	25,358
Income tax expense	**(2,868)**	-
Net profit for the year	**7,019**	25,358
Total comprehensive income for the year	**7,019**	25,358

Notes to the Financial Statements
For the Year Ended 30 June 2017

28 Deed of Cross-Guarantee (continued)

	2017 000's $	2016 000's $
Statement of Financial Position		
Current Assets		
Cash and cash equivalents	**8,156**	520
Trade and other receivables	**29,266**	22,893
Other financial assets	**269**	-
Other assets	**1,199**	2,037
Total Current Assets	**38,890**	25,450
Non-Current Assets		
Other assets	**72**	-
Property, plant and equipment	**2,070**	2,377
Intangible assets	**67,074**	-
Total Non-Current Assets	**69,216**	2,377
Total Assets	**108,106**	27,827
Current Liabilities		
Trade and other payables	**7,918**	8,267
Provisions	**6,400**	3,289
Borrowings	**407**	35,555
Other financial liabilities	**-**	566
Current tax liabilities	**3,538**	-
Total Current Liabilities	**18,263**	47,677
Non-Current Liabilities		
Provisions	**2,677**	2,564
Borrowings	**15,095**	1,193
Deferred tax liabilities	**1,521**	-
Total Non-Current Liabilities	**19,293**	3,757
Total Liabilities	**37,556**	51,434
Net Assets	**70,550**	(23,607)
Equity		
Issued Capital	**293,748**	-
Reserves	**(222,730)**	-
Retained Earnings	**(468)**	(23,607)
Total Equity	**70,550**	(23,607)

Notes to the Financial Statements

For the Year Ended 30 June 2017

29 Related Parties

Parent entity

QANTM Intellectual Property Limited.

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Key management personnel

Disclosures relating to key management personnel are set out in Note 30 and the remuneration report in the Directors' Report.

30 Key Management Personnel Disclosures

Key management personnel (Directors and Executive Officers) remuneration included within employee expenses for the year is shown below:

	2017 $000	2016 $000
Short-term employee benefits	1,943	95
Post-employment benefits	121	1
Other long-term benefits	318	-
Share-based payments	350	-
Total KMP compensation	2,732	96

31 Contingent Liabilities

Estimates of material amounts of contingent liabilities, not provided for in the financial report:		
Bank guarantees in respect of property leases	**3,270**	1,370

32 Capital and Leasing Commitments

(a) Finance Leases

Minimum lease payments:		
- not later than one year	**646**	1,006
- between one year and five years	**541**	1,338
- later than five years	**-**	-
Minimum lease payments	**1,187**	2,344
Less: finance changes	**(111)**	(202)
Present value of minimum lease payments	**1,076**	2,142

Finance leases are in place for plant and equipment with a range of lease terms. The leases have terms of renewal options but no purchase option or escalation clauses.

Notes to the Financial Statements

For the Year Ended 30 June 2017

32 Capital and Leasing Commitments (continued)

(b) Operating Leases

	2017 000's $	2016 000's $
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**5,120**	4,124
- between one year and five years	**19,559**	12,779
- later than five years	**12,596**	13,102
	37,275	30,005

Operating leases have been taken out for the rental of premises. Lease payments are increased on an annual basis to reflect market rentals.

33 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

	2017 000's $	2016 000's $
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year after income tax	**7,180**	25,358
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	**1,897**	754
- Transaction costs relating to issue of new shares	**6,601**	-
- Share based payments	**958**	-
- Effect of exchange rates	**(23)**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**1,069**	(259)
- (increase)/decrease in other assets	**336**	(530)
- increase/(decrease) in deferred borrowing costs	**(119)**	-
- increase/(decrease) in trade and other payables	**(1,956)**	1,237
- increase/(decrease) in provisions	**2,372**	443
- increase/(decrease) in income tax payable	**3,782**	-
- increase/(decrease) in deferred tax balances	**(2,939)**	-
Cash flow from operations	**19,158**	27,003

Notes to the Financial Statements

For the Year Ended 30 June 2017

34 Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tomatsu, the auditor of the Company.

	2017 $	2016 $
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	**180,000**	-
- investigating accountant	**710,331**	-
- other advisory services	**104,476**	-
- other assurance services	**26,250**	20,000
	1,021,057	20,000

35 Events Occurring 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

36 Company Details

The registered office of the Company is:

QANTM Intellectual Property Limited
Level 15
1 Nicholson Street
Melbourne VIC 3002

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in Basis of Preparation in the Notes to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Chief Executive Officer and Chief Financial Officer have given the declarations required by Section 295A that:

   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that:

   a. the Company will be able to pay its debts as and when they become due and payable;

   b. The Company and the companies to which the ASIC Corporations Instrument applies, as detailed in note 28 to the financial statements, will as a group, be able to meet any obligations or liabilities to which they are, or may, become, subject by virtue of the deed of cross guarantee.

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

Chairman: ....
Richard England

Dated this 29th day of August 2017.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of QANTM Intellectual Property Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of QANTM Intellectual Property Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, 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 2017 and of its financial performance for the year then ended; 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 auditor independence requirements of 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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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 for 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Group pre IPO reorganisation *Refer to notes 1(a) and 1(x)* The Company was incorporated on 17 May 2016 and on 22 August 2016 the shareholders of the Company, Davies Collison Cave Pty Ltd (DCC), Davies Collison Cave Law Pty Ltd (DCC Law), QIP Services Pty Ltd (QIPS), the directors thereof and management, as well as the partners of the Davies Collison Cave and Davies Collison Cave Law partnerships undertook a group reorganisation whereby the following group reorganisation occurred: • the businesses of Davies Collison Cave and Davies Collison Cave Law were transferred from the existing partnerships to newly formed companies DCC, DCC Law and QIPS via resolutions in accordance with the relevant partnership agreements and company constitutions; and • the shareholding interests in DCC and DCC Law were transferred to the Company in exchange for shares in the Company via resolutions in accordance with the relevant company constitutions, at which time the Company became the legal parent of DCC and DCC Law. As disclosed in Note 1 this group reorganisation did not represent a business combination, instead, the directors have treated this as a form of group reorganisation. Significant judgment has been exercised in accounting for this reorganisation, as there are no accounting standards which govern the treatment of the transaction.	Our procedures included, but were not limited to: • Obtaining an understanding of the structure of the Group from review of contracts, registration documents and legal documents provided in connection with the reorganisation; • Obtaining an understanding of the terms and business purpose of the reorganisation, relationships and transactions with related parties and equity balances to affect the group reorganisation; and • Assessing and challenging the application of the applicable accounting standards, approaches and guidance for the transaction and evaluating the appropriateness of the group reorganisation reserve. We also assessed the appropriateness of the disclosures in Note 1 to the financial statements.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Acquisition of FPA Patent Attorneys Pty Ltd
Refer to note 27

On 22 August 2016, the Company acquired FPA Patent Attorneys Pty Ltd ("FPA") for an equity consideration of $61.3 million.

Significant judgement has been exercised due to the complexity involved in the purchase price allocation, including determining the fair values of the acquired assets (including identifiable intangible assets) and liabilities.</td><td>In conjunction with our valuation experts our procedures included, but were not limited to:

• Reviewing the purchase contract to understand the contractual terms concerning assets acquired, liabilities assumed and the purchase price;

• Assessing the objectivity and competence of the external valuation specialist used by management;

• Assessing the identification of intangible assets acquired including customer relationships, brand names and software, along with the methodologies used to value those assets;

• Challenging the associated underlying forecast cash flows for the customer relationships, brand name and software intangible asset valuations and assessed key assumptions, including forecast growth rates, customer churn and royalty rates applied, by comparing them to historical results, business trends, economic and industry forecasts and comparable transactions;

• Evaluating the discount rate used by management in assessing the cost of capital applied and comparing it to market data and industry research; and

• Testing on a sample basis the mathematical accuracy of the cash flow models.

We have also assessed the appropriateness of the disclosures included in Note 27 to the financial statements.</td></tr>
</table>

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of goodwill – impairment assessment *Refer to note 11* As at 30 June 2017 the Group's carrying value of goodwill totals $45.8 million. Significant judgement is exercised in determining the assumptions and estimates involved in preparing a Fair Value less Costs of Disposal (FVLCD) valuation model including: • Future cash flows and growth rates for the FPA cash generating unit ('CGU'); and • Discount rates.	In conjunction with our valuation experts our procedures included, but were not limited to: • Assessing the objectivity and competence of the external valuation specialist used by management; • Evaluating management's methodology used to assess the FPA CGU for impairment; • Challenging key assumptions including forecast growth rates by comparing them to historical results, business trends, economic and industry forecasts and comparable organisations; • Assessing the consistency of the cash flows used with the latest Board approved budget for FPA and assessed the historical accuracy of forecasting by FPA; • Evaluating the discount rate used by assessing the cost of capital for the FPA CGU, the company and comparable organisations by comparison to market data and industry research; • Testing on a sample basis the mathematical accuracy of the cash flow model; and • Performing sensitivity analyses on the impairment model using varied discount rates and growth projections to simulate alternative market conditions. We have also assessed the appropriateness of the disclosures included in Note 11 to the financial statements.

Other Information

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

Our opinion on the financial report does not cover the other information and 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.

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.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of QANTM Intellectual Property Limited, for the year ended 30 June 2017, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 29 August 2017

Additional Information for Listed Public Companies

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 18 August 2017.

In accordance with ASX listing rule 4.10.19 the Company confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX in a way consistent with its business objectives.

The distribution of issued capital is as follows:

Size of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
100,001 and Over	76	118,756,391	89.35%
10,001 to 100,000	380	11,003,066	8.28%
5,001 to 10,000	201	1,638,144	1.23%
1,001 to 5,000	388	1,340,599	1.01%
1 to 1,000	338	166,131	0.13%
Total	**1,383**	**132,904,331**	**100.00%**

Distribution of Retention Rights Holders

The distribution of unquoted Retention Rights on issue are:

Size of Holding	Number of Holders	Unlisted Options	% of Issued Capital
100,001 and Over	0	0	0.00
10,001 to 100,000	13	162,158	100.00
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
Total	**13**	**162,158**	**100.00**

Less than marketable parcels of ordinary shares

There are 20 shareholders with unmarketable parcels totalling 1,793 shares

Additional Information for Listed Public Companies

20 Largest Shareholders

The Twenty largest shareholders of quoted equity securities are as follows:

		Number of fully paid Ordinary Shares	% of issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,600,685	22.27%
2	NATIONAL NOMINEES LIMITED	6,339,646	4.77%
3	ARGO INVESTMENTS LIMITED	4,885,053	3.68%
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,095,266	2.33%
5	JOHN DOWER	2,888,884	2.17%
6	THOMAS PETER GUMLEY	2,444,223	1.84%
7	BRETT CONNOR	2,225,695	1.67%
8	CURPSI PTY LTD	2,037,226	1.53%
9	FORDHAM PTY LTD	2,037,226	1.53%
10	GNARWARRE INVESTMENTS PTY LTD	2,037,226	1.53%
11	LOUGHNAN HILL PTY LTD	2,037,226	1.53%
12	MACROPHAGE PTY LTD	2,037,226	1.53%
13	OAKVALE PTY LTD	2,037,226	1.53%
14	PENNIN PTY LTD	2,037,226	1.53%
15	PETROB HOLDINGS PTY LTD	2,037,226	1.53%
16	REZINLOW HOLDINGS PTY LTD	2,037,226	1.53%
17	ROCKY ROAD PTY LTD	2,037,226	1.53%
18	SYBARITE PTY LTD	2,037,226	1.53%
19	TSAR INVESTMENTS PTY LTD	2,037,226	1.53%
20	WOODCASTLE PTY LTD	2,037,226	1.53%
	Totals	**77,963,390**	**58.66%**
Total Quoted Equity Securities		**132,904,331**	

Unquoted Equity Securities

The Company had the following unquoted retention rights on issue as at 18 August 2017:

13 holders of retention rights issued to employees	**162,158**	**100.0%**

Additional Information for Listed Public Companies

Substantial Shareholders

The names of the Substantial Shareholders listed in the Company's Register as at 20 July 2016:

Shareholder	**Number of Ordinary Fully Paid Shares**	**% of Issued Capital**
Perpetual Limited & Subsidiaries	15,364,069	11.56%
Investors Mutual	8,573,334	6.45%
Renaissance Smaller Companies Pty Ltd	7,803,178	5.87%

Restricted Securities

The Company had the following restricted securities on issue as at 18 August 2017:

Class	**Number of Shares**	**% of Issued Capital**
Voluntary Escrow - fully paid ordinary shares	68,018,760	51.18%

The escrow period applying to these shares varies from the date of release of the FY17 results to 30 August 2019.

Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

Retention rights have no voting rights.

On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.