



IODM Limited

ABN 28 102 747 133

Annual Report

30 June 2019

Corporate Directory

Directors

Dr. Paul Kasian (Non-Executive Chairman)
Mr. Anthony Smith (Non-Executive Director)
Mr. David Ireland (Non-Executive Director)
Mr. Brian Jamieson (Non-Executive Director)

Company Secretary

Ms. Petrina Halsall

Registered Office and Principal Place of Business

Level 5
22 Albert Road
SOUTH MELBOURNE VIC 3205
Australia
Telephone: + 61 3 8396 5890
Facsimile: + 61 8 9227 6390
www.iodm.com.au

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
SYDNEY NSW 2000
Australia
Telephone: 1300 737 760
Facsimile: + 61 2 9279 0664

Auditors

BDO East Coast Partnership
Collins Square
Tower 4 Level 18
727 Collins Street
Melbourne VIC 3008

Stock Exchange Listing

Australian Securities Exchange
ASX Code: IOD

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IODM Limited – Directors' Report

The Directors of IODM Limited ("IODM" or the "Group") submit the financial report of the Group for the year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

The names, qualifications and experience of the Group's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire financial year unless otherwise stated.

Dr. Paul Kasian – Non-Executive Chairman (appointed 15 September 2018)

Dr. Kasian is an experienced executive director with demonstrated domestic and international success in funds management; encompassing senior leadership, investment and risk roles.

Dr. Kasian holds a PhD in Microbiology and a Master of Business Administration, both from the University of Melbourne. Dr. Kasian is a member of the Australian Institute of Company Directors and has held senior leadership positions in a number of investment groups including Chief Investment Officer at HSBC Asset Management, Head of HSBC Global Financial Team; Founding Director Accordius and Founding Director Wallara Asset Management.

Dr. Kasian is currently Chairman and CEO of Genetic Technologies Limited (appointed 12 December 2013). He has not held any other listed directorships in the past three years.

Mr. David Ireland – Non-Executive Director

Mr. Ireland has over 30 years' experience in the information and communications technology industry, including 27 years with Unisys and has a wealth of experience in the sale of enterprise solutions to large companies and Government.

Mr. Ireland has progressed through various roles, including Senior Account Manager (ACT & Districts), Sales Manager (ACT and Federal), State Manager (SA & NT), Sales Director (Northern Region) and General Manager, both government and commercial. As Director of Sales for Asia Pacific and Japan and a member of the South Pacific Executive Team Mr. Ireland leads cross industry sales for large enterprise, mission critical high volume transaction processing with a track record of achievement against annual financial budgets.

Mr. Ireland was also the Non-Executive Chairman of BOS Global Limited (appointed 30 August 2016, resigned 22 December 2017), an AIM listed IT company.

He has held no other public company directorships during the past three years.

Mr. Anthony Smith – Non-Executive Director (appointed 4 June 2019)

Mr. Smith has over 30 years' experience in finance with a variety of firms concentrating on small to medium sized companies in regard to corporate finance, institutional research sales and private wealth advice. During this time, he was charged with running these businesses along with titles of Head of Securities and Country Director of Austock Group and Phillip Capital. Mr Smith currently handles the investments at Cashel Family Office, a Melbourne based multi family office company.

He has not held any other public company directorships during the past three years.

IODM Limited – Directors' Report

Mr. Brian Jamieson – Non-Executive Director (appointed 28 August 2019)

Mr. Jamieson has over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore. Mr. Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005. Prior to joining Minter Ellison, Mr. Jamieson was Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr. Jamieson was the Managing Partner for Australia for Touche Ross & Co. He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Mr. Jamieson is currently Non-Executive Chairman of Sigma Healthcare Limited appointed June 2010 and was previously a Non-Executive Director appointed in May 2003. Mr. Jamieson is also a Non-Executive Director of Highfield Resources Limited. Mr. Jamieson was formerly Non-Executive Chairman of Mesoblast Limited (resigned 31 March 2019), Non-Executive Director of Oxiana/OZ Minerals Limited from 2005 to 2015 and served as Chairman of Audit Risk and Compliance, Nomination and Remuneration, and Due Diligence Committees. He was a Non-Executive Director of Tatts Group Limited from 2005 to December 2017 and served as the Chairman of Audit and Risk Committee, Chairman of the Due Diligence Committee and member of the Remuneration Committee. He was also a Non-Executive Director of ASX listed Tigers Realm Coal from 2010 to 2015 and chaired various committees.

He has not held any other listed directorships in addition to those set out above in the past three years.

Mr. Mark Reilly – Managing Director (resigned 4 June 2019 to take up position of CEO)

Mr. Reilly is a Chartered Accountant with over 25 years' experience in corporate advisory work and insolvency with extensive experience in the mining, banking and finance industries. Mr. Reilly worked with Coopers & Lybrand in Perth before establishing his own accounting practice in 1997. Mr. Reilly also has extensive experience in the mining, banking and finance industries in an advisory capacity.

Mr. Reilly was a director of Harvest Minerals Limited (appointed 4 July 2014, resigned 3 July 2017), Valor Resources Limited (appointed 9 May 2016, resigned 27 February 2017), Black Star Petroleum Limited (appointed 3 July 2014, resigned 11 May 2016) and of Bos Global Holdings Limited (formerly Forte Energy NL) (appointed 2 August 2004, resigned 31 July 2017). He has not held any other listed directorships over the past three years.

Ms Petrina Halsall – Company Secretary

Ms. Halsall is a Chartered Accountant who commenced her career with KPMG. She has experience with Public companies in audit and has specialised in small to medium enterprise (SME) market including providing advice on all stages of a business life cycle, business growth strategies, valuations, assisting with the purchase and sale of businesses and corporate restructuring.

Ms Halsall holds a Bachelor of Business (Monash University) and is an Associate of the Institute of Chartered Accountants.

IODM Limited – Directors' Report

INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the current Directors in the securities of IODM Limited were:

| Director | Ordinary Shares | Options exercisable at \$0.0175 on or before 30/05/2020 |
|-------------|-----------------|---|
| P. Kasian | 28,516,667 | - |
| D. Ireland | - | - |
| A. Smith | 17,995,729 | 10,000,000 |
| B. Jamieson | - | - |

RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$ 1,113,823 (2018 loss: \$ 882,710).

DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report.

CORPORATE STRUCTURE

IODM Limited is a company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the year the Group's principal activity was as a cloud based software as a service provider. The Group has developed an automated debtor management solution that provides businesses a superior accounts receivable monitoring and collection management tool through a central cloud based platform.

EMPLOYEES

The Group had twelve employees at 30 June 2019 (2018: eight).

REVIEW OF OPERATIONS

IODM is an Australian and global leader in providing best practice technology to businesses around the world. It uses digital technology to automate the manual accounts receivable process, data analytics and communications. The software is simple and quick to implement, easy to use and drives immediate tangible efficiencies for businesses.

Through its interface with the cloud, desktop and enterprise software, IODM has secured sales with corporate and enterprise accounts with global brands, who are using it to revolutionise their cashflow, reduce debtor days and drive team efficiencies.

During the period, the Group continued to grow its cash receipts versus the previous period which is a focus of both the Board and senior management. Likewise, IODM measured where the business stood at the end of the financial year versus the previous year and has reported substantial growth in all key areas, in particular, Revenue was up 122%, reflective of a substantial jump in Invoice Numbers while the value of invoices uploaded was \$760million versus \$220 million the year before, an increase of 345%.

The Group has increased the sales division which led to an increase in requests for IODM to tender for new business, resulting in a significant increase in the tender pipeline. In addition to this, the Group announced its intention to launch into the UK and Hong Kong/ Asian market.

IODM Limited – Directors' Report

CORPORATE

Board Changes

It is the intention of the Board to present an independent, diverse Non-Executive Board in keeping with “Best Practice”. To that, the Group has had a number of Board changes during the financial year with Dr. Kasian taking up the role of Non-Executive Chairman as the company moved Mr. Reilly from the role of Executive Chairman to that of Managing Director on 15 September 2018. Continuing the transformation, Mr. Reilly then resigned as Managing Director on 4 June 2019 to take up the role of Chief Executive Officer. Mr. Smith was appointed as a Non-Executive Director on 4 June 2019 and Mr. Jamieson was appointed as a Non-Executive Director on 28 August 2019. The Group will continue to transform the Board to ensure that it is in keeping with its compliance and governance obligations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 5 July 2019 the Group completed a share placement of 12,252,605 shares to raise \$624,883 at 5.1 cents per share to assist the company in its capital management and fund expansion of sales into the UK, Hong Kong and Asia.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group are set out in the above review of operations in this annual report.

SHARE OPTIONS

As at the date of this report, there are unissued ordinary shares under options (24,500,000 at the reporting date). The details of the options at the date of this report are as follows:

| Number | Exercise Price \$ | Expiry Date | Details |
|------------|-------------------|-------------|-------------------------------------|
| 16,500,000 | \$0.0175 | 30/05/2020 | Options issued to corporate advisor |
| 1,500,000 | \$0.010 | 30/06/2020 | Options issued to corporate advisor |
| 1,500,000 | \$0.012 | 30/06/2021 | Options issued to corporate advisor |
| 1,500,000 | \$0.016 | 30/06/2022 | Options issued to corporate advisor |

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has entered into deeds with each of the Directors under which the Group has agreed to indemnify the Directors on a full indemnity basis and to the full extent permitted by law for losses or liabilities incurred as an officer of the Group.

During the financial year, the Group has paid an insurance premium in respect of a contract insuring each of the Directors and Group Secretary of the Group, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. Disclosure of the total amount of the premium and the nature of the liabilities in respect of such insurance is prohibited by the policy.

INDEMNIFICATION AND INSURANCE OF AUDITORS

The Group has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group.

IODM Limited – *Directors' Report*

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each Director were as follows:

| Director | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|-------------------|--|--------------------------------|
| Mr. Mark Reilly | 8 | 8 |
| Dr. Paul Kasian | 10 | 10 |
| Mr. David Ireland | 10 | 10 |
| Mr. Anthony Smith | 2 | 2 |

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of IODM Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that IODM Limited is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a listed software as a service company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained in Pages 42 – 51 of the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Group's auditors to provide the Directors of IODM Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within this report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services under the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, and jointly sharing economic risks and rewards.

IODM Limited – Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of IODM Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any officer (whether Executive or otherwise) of the Group.

Remuneration Consultants

No remuneration consultants were used to review existing policies or to provide recommendations.

Voting at 2018 AGM

The Group received 98% of "yes" votes on its remuneration report for the 2018 financial year. The Group did not receive any specific feedback at the Annual General Meeting (AGM) or throughout the year regarding its remuneration policies.

Details of Key Management Personnel

| | |
|-------------------|--|
| Dr. Paul Kasian | Non-Executive Chairman previously Non-Executive Director |
| Mr. David Ireland | Non-Executive Director |
| Mr. Anthony Smith | Non-Executive Director |
| Mr. Mark Reilly | Previously Managing Director changed to CEO |

Remuneration Policy

The Board is responsible for determining remuneration policies applicable to Directors and Senior Executives of the Group. The Board policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

The Board currently determines the nature and amount of remuneration for Board members and Senior Executives of the Group. The policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives such as options and performance shares.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of Directors, the Board has elected not to create a separate Remuneration Committee, but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The aggregate remuneration for non-executive directors has been set at an amount not to exceed \$300,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by loss per share

| As at 30 June | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|---------|---------|---------|---------|
| Loss per share (cents) | (0.23) | (0.22) | (0.56) | (2.32) |
| Total KMP remuneration (\$) | 242,616 | 381,882 | 679,482 | 431,276 |

IODM Limited – Directors’ Report

Details of Remuneration

Details of the nature and amount of each element of the emolument of each Key Management Personnel of the Group for the previous financial year are as follows:

| | Short term | | | | Long-term Benefits | Post-Employment Benefits | | |
|--------------------------------|-------------------|-----------------------|-----------------------|-------------------------------|------------------------------------|--------------------------|-----------------------|----------------|
| 2019 | Base Salary \$ | Directors’ Fees \$ | Consulting Fees \$ | Annual Leave Provisions \$ | Long Service Leave Provision \$ | Termination \$ | Super-annuation \$ | TOTAL \$ |
| Executive Directors | | | | | | | | |
| Mr. Mark Reilly ¹ | 110,508 | 11,666 | - | 2,019 | 1,977 | - | 10,498 | 136,668 |
| Non-Executive Directors | | | | | | | | |
| Dr. Paul Kasian | - | 58,360 | - | - | - | - | 5,323 | 63,683 |
| Mr. David Ireland | - | 36,000 | - | - | - | - | 3,420 | 39,420 |
| Mr A Smith ² | - | 2,845 | - | - | - | - | - | 2,845 |
| | 110,508 | 108,871 | - | 2,019 | 1,977 | - | 19,241 | 242,616 |

¹ Mr Reilly resigned as Managing Director on 4 June 2019 to take up position of CEO

² Mr. Smith was appointed on 4 June 2019

³ Mr Arena ceased to be KMP at 30 June 2018

Details of the nature and amount of each element of the emolument of each Key Management Personnel of the Group for the previous financial year was as follows:

| | Short term | | | | Long-term Benefits | Post-Employment Benefits | | |
|-------------------------------------|-------------------|-----------------------|-----------------------|-------------------------------|------------------------------------|--------------------------|-----------------------|----------------|
| 2018 | Base Salary \$ | Directors’ Fees \$ | Consulting Fees \$ | Annual Leave Provisions \$ | Long Service Leave Provision \$ | Termination \$ | Super-annuation \$ | TOTAL \$ |
| Executive Directors | | | | | | | | |
| Mr. Mark Reilly | - | 70,000 | - | - | - | - | - | 70,000 |
| Mr. Damian Arena ¹ | 180,000 | - | - | 9,206 | 5,661 | - | 17,100 | 211,967 |
| Mr. Christopher Rogers ² | - | - | 37,500 | - | - | - | - | 37,500 |
| Non-Executive Directors | | | | | | | | |
| Dr. Paul Kasian | - | 36,000 | - | - | - | - | 3,420 | 39,420 |
| Mr. David Ireland ³ | - | 21,000 | - | - | - | - | 1,995 | 22,995 |
| | 180,000 | 127,000 | 37,500 | 9,206 | 5,661 | - | 22,515 | 381,882 |

¹ Mr. Arena resigned as Managing Director on 31 October 2017 to become Head – Business Development

² Mr. Rogers resigned on 1 March 2018

³ Mr. Ireland was appointed on 31 October 2017

IODM Limited – Directors' Report

Shareholdings of Key Management Personnel

The shareholdings in the company held during the financial year by key management personnel of IODM Limited, including their personally related parties, is set out below.

| 30 June 2019 | Balance at the start of the year | Granted during the year as compensation | On market/other | On appointment / resignation | Balance at the end of the year |
|--------------------------------|----------------------------------|---|-----------------|------------------------------|--------------------------------|
| Mr. Mark Reilly ¹ | 22,168,754 | - | 8,833,336 | - | 31,002,090 |
| Dr. Paul Kasian | 26,250,000 | - | 2,266,667 | - | 28,516,667 |
| Mr. David Ireland | - | - | - | - | - |
| Mr. Anthony Smith ² | - | - | - | 15,193,034 | 15,193,034 |

¹ Mr Reilly resigned as Managing Director on 4 June 2019 to take up position of CEO

² Mr. Smith was appointed on 4 June 2019

Option holdings of Key Management Personnel

The number of options in the company held during the financial year by key management personnel of IODM Limited, including their personally related parties, is set out below.

| 30 June 2019 | Balance at the start of the year | Granted during the year as compensation | On appointment / resignation | Exercised during the year | Expired during the year | Balance at the end of the year |
|--------------------------------|----------------------------------|---|------------------------------|---------------------------|-------------------------|--------------------------------|
| Mr. Mark Reilly ¹ | - | - | - | - | - | - |
| Dr. Paul Kasian | 400,000 | - | - | - | 400,000 | - |
| Mr. David Ireland | - | - | - | - | - | - |
| Mr. Anthony Smith ² | - | - | 10,000,000 | - | - | 10,000,000 |

¹ Mr Reilly resigned as Managing Director on 4 June 2019 to take up position of CEO

² Mr. Smith was appointed on 4 June 2019

Performance Shareholdings of Key Management Personnel

On 2 January 2019 the Group announced that the milestones attaching to the 41,250,000 Classes E – F Performance Shares were not satisfied by 31 December 2018. In accordance with the rights attaching to these performance shares the 8 beneficiaries were issued with one ordinary share for each class totally 24 ordinary shares.

Other transactions with key management personnel

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

Styletown Investments Pty Ltd, a company which Mr. Reilly is a Director and shareholder, provided the Group with the provision of director services totalling \$ 11,666 (2018 \$ 70,000) of which \$Nil was outstanding at year end.

262 Capital Pty Ltd, a company which Mr. Smith is a Director and shareholder, provided the Group with the provision of director services totalling \$ 2,845 (2018 \$Nil) of which \$2,845 was outstanding at year end.

IODM Limited – Directors' Report

Cashel Financial Services Pty Ltd, a company which Mr. Smith is Responsible Manager was engaged by the Group in April 2018 to act as its financial adviser in connection with corporate advice. During the year Cashel House Financial Services Pty Ltd was paid \$ 44,000 retainer fee of which \$ 4,000 was outstanding at year end and \$ 91,830 capital raising fee of which \$Nil was outstanding at year end.

There were no other transactions or loans made to key management personnel for the year ended 30 June 2019.

Service Agreements

KMP – CEO

Per a service agreement executed with the Group, Mr. Reilly is paid an annual remuneration package comprising a base salary of \$ 150,000 inclusive of superannuation. In addition, Mr. Reilly receives commission of 20% on revenue from clients introduced to the company by him. The Group may immediately terminate the agreement by giving written notice with Mr. Reilly being entitled to receive the salary payable to the date of termination.

Mr Reilly resigned as Managing Director on 4 June 2019 to take up the role of CEO.

Non-Executive Director

The Non-Executive Directors are paid an annual Director fee on a monthly basis. Their services may be terminated by either party at any time.

End of audited Remuneration Report

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



Dr Paul Kasian

Non-Executive Chairman

16 September 2019

Consolidated Statement of Profit or Loss & Other Comprehensive Income
for the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|--------------------|------------------|
| Sales | 4 | 489,176 | 215,091 |
| Interest received | 4 | 859 | 1,132 |
| Research and development income | 4 | 326,792 | 429,549 |
| Forgiveness of loan payable | 4 | - | 80,481 |
| Total Revenue | | 816,827 | 726,253 |
| Administrative and public company expenses | | (112,569) | (96,363) |
| Accounting and audit fees | | (49,502) | (46,106) |
| Amortisation charge on intangibles | 11 | (4,164) | (3,817) |
| Professional fees | | (13,447) | (7,146) |
| Consultants and directors fees | | (202,018) | (247,719) |
| Employee costs | | (1,124,760) | (873,836) |
| Superannuation | | (105,866) | (80,652) |
| Depreciation of plant and equipment | 10 | (7,560) | (7,561) |
| Finance costs | 5 | (7,487) | (60,728) |
| Other expenses | 6 | (303,277) | (185,035) |
| Loss before income tax | | (1,113,823) | (882,710) |
| Income tax expense | 7 | - | - |
| Loss after tax | | (1,113,823) | (882,710) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (1,113,823) | (882,710) |
| Basic and diluted loss per share (cents per share) | 19 | (0.23) | (0.22) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--------------------------------------|-------|-----------------|-----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 132,474 | 146,930 |
| Trade and other receivables | 9 | 174,967 | 67,345 |
| TOTAL CURRENT ASSETS | | 307,441 | 214,275 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 10 | 6,907 | 14,469 |
| Other receivables | 9 | 7,500 | 7,500 |
| Intangible assets | 11 | 12,819 | 16,983 |
| TOTAL NON-CURRENT ASSETS | | 27,226 | 38,952 |
| TOTAL ASSETS | | 334,667 | 253,227 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 343,489 | 236,651 |
| Provisions | 13 | 32,019 | 45,095 |
| Borrowings | 14 | 17,613 | 16,810 |
| TOTAL CURRENT LIABILITIES | | 393,121 | 298,556 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 14 | 15,300 | 28,109 |
| Provisions | 13 | 21,928 | 20,915 |
| TOTAL NON-CURRENT LIABILITIES | | 37,228 | 49,024 |
| TOTAL LIABILITIES | | 430,349 | 347,580 |
| NET LIABILITIES | | (95,682) | (94,353) |
| EQUITY | | | |
| Issued capital | 15 | 6,982,376 | 6,008,312 |
| Reserves | 16 | 858,117 | 719,687 |
| Accumulated losses | 17 | (7,936,175) | (6,822,352) |
| TOTAL (DEFICIENCY) | | (95,682) | (94,353) |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2019

| | Note | Issued Capital | Share Based Payment Reserve | Accumulated Losses | Total |
|---|------|-------------------|--------------------------------------|-----------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | | 6,008,312 | 719,687 | (6,822,352) | (94,353) |
| Loss for the year | | - | - | (1,113,823) | (1,113,823) |
| Comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | | | (1,113,823) | (1,113,823) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Shares issued under share placements | 15 | 1,063,888 | - | - | 1,063,888 |
| Shares issued under Standby Note Deed | 15 | 160,000 | - | - | 160,000 |
| Shares issued on exercise of options | 15 | 18,000 | - | - | 18,000 |
| Options issued | 16 | - | 138,430 | - | 138,430 |
| Transaction costs relating to issue of shares | 15 | (267,824) | - | - | (267,824) |
| Balance as at 30 June 2019 | | 6,982,376 | 858,117 | (7,936,175) | (95,682) |

| | Note | Issued Capital | Share Based Payment Reserve | Accumulated Losses | Total |
|---|------|-------------------|--------------------------------------|-----------------------|------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | | 5,228,837 | 689,687 | (5,939,642) | (21,118) |
| Loss for the year | | - | - | (882,710) | (882,710) |
| Comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | - | - | (882,710) | (882,710) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Shares issued under rights issue | 15 | 45,097 | - | - | 45,097 |
| Shares underwritten issued under rights issue | 15 | 707,666 | - | - | 707,666 |
| Shares issued under Standby Note Deed | 15 | 177,600 | - | - | 177,600 |
| Options issued | 16 | - | 30,000 | - | 30,000 |
| Transaction costs relating to issue of shares | 15 | (150,888) | - | - | (150,888) |
| Balance as at 30 June 2018 | | 6,008,312 | 719,687 | (6,822,352) | (94,353) |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|---|----------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received and other income | | 859 | 1,132 |
| Receipts from customers | | 427,460 | 241,692 |
| Research and development tax offset income | | 326,792 | 429,549 |
| Interest paid | | (6,322) | (44,687) |
| Payments to suppliers and employees | | (1,865,529) | (1,472,699) |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | 8 | (1,116,740) | (845,013) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 1,223,888 | 910,353 |
| Proceeds from option conversion | | 18,000 | - |
| Proceeds from borrowings | | - | 343,639 |
| Repayment of borrowings | | - | (343,639) |
| Share issue costs | | (122,795) | (94,678) |
| Lease repayments | | (16,809) | (16,809) |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 1,102,284 | 798,866 |
| Net (decrease) in cash and cash equivalents | | (14,456) | (46,147) |
| Cash and cash equivalents at beginning of year | | 146,930 | 193,077 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 8 | 132,474 | 146,930 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

1. Corporate Information

The financial report consists of the audited consolidated financial statements of IODM Limited and its subsidiaries ("IODM" or "the Group") for the year ended 30 June 2019. IODM Limited is a for-profit entity.

IODM Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial report has also been prepared on a historical cost basis. The presentation and functional currency is Australian dollars.

The accounting policies disclosed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements were authorised for issue by the Directors on 13 September 2019.

(b) Statement of Compliance

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

(c) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2019 of \$1,113,823 and incurred net cash outflows from operating activities of \$1,116,740. At 30 June 2019, the Group had a net current liability position of (\$85,680).

These matters give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The ability to continue as a going concern is dependent upon a number of factors, mainly being achieving forecast sales or raising additional funds. The Directors are confident that the Group will be able to continue as a going concern for the following reasons:

- On 5 July 2019 the Group completed a share placement of 12,252,605 shares to raise \$624,883 at 5.1 cents per share to assist the company in its capital management and fund expansion of sales into the UK, Hong Kong and Asia.
- In August 2019 the Group was approved for Research and Development Tax Incentive claim with Ausindustry and anticipates receiving a tax refund of approximately \$200,000 for the year ended 30 June 2019.
- As is prudent for a company of this size and in the company's current capital position, given that the company has been transforming from a software development company to a sales and marketing business, the Directors will continue to manage capital in the best interests of shareholders.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

- In the event that the forecast growth in revenue is slower than anticipated, the Directors have the ability to raise additional funds through share issues and placements to sophisticated investors.
- Subsequent to the end of the reporting period, the Group has continued to sign-up additional customers, and has a significant pipeline of new opportunities.
- Based on the above the directors have prepared cash flow forecasts which demonstrate that the Group will generate sufficient cash flows to fund its activities for a period of not less than twelve months from the date of this report.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the Financial Statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

(d) Principles of Consolidation

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

A list of controlled entities is contained in note 22 to the financial statements. All controlled entities have a 30 June financial year end.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by IODM Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all controlled entities for the year then ended. IODM Limited and its controlled entities together are referred to in these Financial Statements as the consolidated Group. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(e) Amendments to Accounting Standards and new Interpretations that are mandatory effective from the current reporting period

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2018.

As a result, the Group has applied AASB 9 and AASB 15 from 1 July 2018. The Directors has determined that there is no material impact from the adoption of these Standards on the financial performance or position of the Group.

AASB 9 Financial Instruments

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

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

There were no changes to the classification of financial instruments in the financial statements. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated and as such there is no impact on the Groups opening retained earnings as at 1 July 2018.

The adoption of AASB 9 resulted in a change to the accounting policy for trade and other receivables. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

AASB15 Revenue from Contracts with Customers

The group has adopted AASB 15 using the cumulative effect method, with any adjustment required when transitioning to the new standard being recognised on 1 July 2018 (date of initial application) in retained earnings. There are no material changes in the groups revenue recognition which means there has been no adjustments to the opening retained earnings.

Standards and Interpretations in issue not yet adopted

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019 and the Directors have assessed there is no material impact at the end of the current reporting period.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured.

At a point in time

Revenue recognised at a point in time relates largely to the software licence implementation. The software licence implementation comprises roughly 80% of the total contract value and is recognised at the initiation of the contract following the fulfillment of the performance obligation. All revenue is stated net of Goods and Services Tax (GST).

relation to this component of revenue. All revenue is stated net of Goods and Services Tax (GST).

Over a period of time

Revenue recognised over a period of time largely relates to software licences sold under a subscription model, support, hosting and maintenance services relating to access to cloud-based software provided. These revenue streams are deemed to be provided consistently over the life of the contract. All revenue is stated net of Goods and Services Tax (GST).

Research and Development Income

Research and Development Income is recognised when there is reasonable assurance the grant will be received and all the attaching conditions complied with in accordance with AASB 120 – Accounting for Government Grants and Disclosure for Government Assistance.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(g) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the indicative valuation of an independent expert taking into account the terms and conditions upon which the instruments were granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of IODM Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Changes in Equity for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 19).

Employee benefits

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered.

They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Consolidated Entity has a present obligation to pay resulting from employee services provided up to reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs. The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

Other long-term employee benefits

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

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Cash and cash equivalents

Cash and short term deposits in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(j) Trade and other receivables

Trade receivables initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(k) Plant and equipment

Plant and equipment are included at cost. Assets in plant and equipment (except for capitalised leased assets) are depreciated on a straight line basis over their estimated useful lives. The depreciation rates used for each class of assets are as follows:

| Class of Fixed Asset | Depreciation Rate |
|------------------------|-------------------|
| Office Equipment | 5% - 50% |
| Leasehold Improvements | 5% |

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss.

(l) Intangible assets

Intangible assets are included at cost. The Group estimates the effective life of the intangible asset (website) to be 5 years and amortises these assets on a straight-line basis. Where the resulting effective life differs from that recognised, the impact will be recorded in profit or loss in the period such determinations are made.

(m) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(n) Borrowings

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

(o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

(p) Contributed equity

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

(q) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

The cost of these equity settled transactions with individuals is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Estimation of useful lives of intangible assets

The Group estimates the effective life of intangible asset (website) to be 5 years and amortises these assets on a straight-line basis. Where the resulting effective life differs from that recognised, the impact will be recorded in profit or loss in the period such determinations are made.

Income tax

The Group is subject to income taxes in Australia. The Group estimates its tax liabilities based on the understanding of the tax laws and advice from tax experts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determinations are made.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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Notes to the Consolidated Financial Statements for the year ended 30th June 2019

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Tax Office.

(s) Income tax

Deferred income tax is provided for on all temporary differences at reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which is the operation as a cloud based software as a service provider. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the Financial Statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all of the Group's non-current assets reside in Australia.

IODM Limited**Notes to the Consolidated Financial Statements for the year ended 30th June 2019**

| | 2019 | 2018 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| 4. Revenue | | |
| <i>Sales revenue</i> | | |
| Setup and Customisation Fees | 84,000 | 88,250 |
| Licencing Fees | 30,000 | - |
| Subscription Fees | 375,176 | 126,841 |
| | 489,176 | 215,091 |
| <i>Other Revenue</i> | | |
| Interest | 859 | 1,132 |
| Research and Development | 326,792 | 429,549 |
| Forgiveness of loan payable (1) | - | 80,481 |
| | 327,651 | 511,162 |
| | 816,827 | 726,253 |

(1) Amount previously shown under other payables.

Directors have assessed that the loan balance is no longer payable at the 30 June 2018.

5. Finance costs

Finance costs for the reporting periods consist of the following

| | | |
|--|--------------|---------------|
| Interest expense for finance lease arrangement | 2,831 | 2,829 |
| Interest expense - other | 4,656 | 16,125 |
| Facility Fee | - | 41,774 |
| | 7,487 | 60,728 |

6. Other Expenses

| | | |
|---------------------------|----------------|----------------|
| Advertising and promotion | 63,016 | 46,220 |
| Commission | 32,481 | 16,640 |
| Conferences and seminars | - | 5,000 |
| Entertainment | 12,341 | 4,649 |
| General expenses | 4,743 | 1,823 |
| Insurance | 20,121 | 18,914 |
| Public relations | 18,798 | - |
| Rent and outgoings | 92,061 | 67,697 |
| Travel and accommodation | 58,516 | 22,042 |
| Website | 1,200 | 2,050 |
| Total other expenses | 303,277 | 185,035 |

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 | 2018 |
|--|-------------|-----------|
| | \$ | \$ |
| 7. Income tax | | |
| Income tax recognised in profit / (loss) | | |
| The prima facie tax on loss from ordinary activities before income tax | | |
| is reconciled to the income tax as follows: | | |
| Loss from operations | (1,113,823) | (882,710) |
| Prima facie tax benefit on loss from ordinary activities | | |
| before income tax at 27.5% (2018: 27.5%) | (306,301) | (242,745) |
| R & D tax refund | (89,868) | (118,126) |
| Forgiveness of loan payable | - | (22,132) |
| Non-deductible expenses | 2,075 | 862 |
| R&D Expenditure | 126,611 | 206,574 |
| Income tax benefit not brought to account | 267,483 | 175,567 |
| Income tax attributable to the entity | - | - |

The Group has accumulated tax losses as of 30 June 2019 amounting to \$19,642,865 (2018: \$18,377,637). The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Group will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

The benefit will only be obtained if:

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

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 | 2018 |
|--|--------------------|------------------|
| | \$ | \$ |
| 8. Cash and cash equivalents | | |
| Reconciliation of operating loss after tax to net the cash flows used in operations | | |
| Loss from ordinary activities after tax | (1,113,823) | (882,710) |
| Non-cash items | | |
| Amortisation | 4,164 | 3,817 |
| Depreciation | 7,560 | 7,560 |
| Impairment of loan | - | (80,481) |
| Changes in assets and liabilities | | |
| (Increase)/Decrease in trade and other receivables | (72,060) | 29,892 |
| (Increase)/Decrease in prepayments | (35,559) | 4,090 |
| Increase/(Decrease) in trade creditors | 132,198 | (33,974) |
| Increase/(Decrease) in other creditors | (27,157) | 78,024 |
| Increase/(Decrease) in employee provisions | (12,063) | 28,769 |
| Net cash outflow from operating activities | (1,116,740) | (845,013) |
| Reconciliation of cash | | |
| Cash balance comprises: | | |
| Cash at bank | 132,474 | 146,930 |
| | 132,474 | 146,930 |
| | 2019 | 2018 |
| | \$ | \$ |
| 9. Trade and other receivables | | |
| Current | | |
| Trade receivables | 79,673 | 12,089 |
| GST receivable | 5,338 | 860 |
| Prepayments | 46,554 | 10,994 |
| Other receivables | 43,402 | 43,402 |
| | 174,967 | 67,345 |
| Non-Current | | |
| Tenement guarantees (i) | 7,500 | 7,500 |
| | 7,500 | 7,500 |

(i) Tenement guarantees are classified as current if expected to be refunded within 12 months upon relinquishment of exploration tenement. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk and interest rate risk can be found in note 23.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 \$ | 2018 \$ |
|--------------------------------------|----------------|----------------|
| 10. Plant and Equipment | | |
| Plant and equipment at cost | 28,913 | 28,913 |
| Accumulated depreciation | (22,006) | (14,444) |
| Total plant and equipment | 6,907 | 14,469 |
| <i>Movement in carrying amounts:</i> | | |
| Balance at beginning of the year | 14,467 | 22,031 |
| Additions | - | - |
| Capital assets expensed | - | - |
| Depreciation | (7,560) | (7,562) |
| Total plant and equipment | 6,907 | 14,469 |
| 11. Intangible Assets | | |
| Website | 20,800 | 20,800 |
| Accumulated amortisation | (7,981) | (3,817) |
| Total | 12,819 | 16,983 |
| 12. Trade and other payables | | |
| Trade creditors | 167,456 | 68,715 |
| Accruals | 63,901 | 23,844 |
| Employee benefits payable | 88,075 | 117,112 |
| Unearned Revenue | 24,057 | 24,056 |
| Other payables | 0 | 2,924 |
| | 343,489 | 236,651 |
| 13. Provisions | | |
| Current | | |
| Employee Benefits | 32,019 | 45,095 |
| | 32,019 | 45,095 |
| Non-Current | | |
| Employee Benefits | 21,928 | 20,915 |
| | 21,928 | 20,915 |
| 14. Borrowings | | |
| <i>Secured</i> | | |
| Finance Leases | | |
| Current | 17,613 | 16,810 |
| Non Current | 15,300 | 28,109 |

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 \$ | 2018 \$ |
|---------------------------------------|------------------|------------------|
| 15. Issued capital | | |
| (a) Issued and paid up capital | | |
| Ordinary shares fully paid | 6,982,376 | 6,008,312 |

| | 2019 Number of shares | \$ | 2018 Number of shares | \$ |
|--|-----------------------------|------------------|-----------------------------|------------------|
| (b) Movements in ordinary shares on issue | | | | |
| Opening Balance | 440,409,935 | 6,008,312 | 331,515,807 | 5,228,837 |
| Shares issued on exercise of options | 450,000 | 18,000 | - | - |
| Shares issued under rights issue | - | - | 5,637,063 | 45,097 |
| Shares underwritten under rights issue | - | - | 88,457,033 | 707,666 |
| Performance share converted to ordinary shares | 24 | - | 32 | - |
| Shares issued under Share Placement | 60,600,009 | 1,063,888 | - | - |
| Shares issued under Standby Note Deed | 12,820,513 | 160,000 | 14,800,000 | 177,600 |
| Transaction costs on share issues | - | (267,824) | - | (150,888) |
| | 514,280,481 | 6,982,376 | 440,409,935 | 6,008,312 |

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

(d) Share options

At 30 June 2019, there were 24,500,000 unissued ordinary shares under options. The details of the options at 30 June 2019 are as follows:

| Number | Exercise Price \$ | Expiry Date | Details |
|------------|-------------------|-------------|-------------------------------------|
| 20,000,000 | \$0.0175 | 31/05/2020 | Options issued to corporate advisor |
| 1,500,000 | \$0.010 | 30/06/2020 | Options issued to corporate advisor |
| 1,500,000 | \$0.012 | 30/06/2021 | Options issued to corporate advisor |
| 1,500,000 | \$0.016 | 30/06/2022 | Options issued to corporate advisor |

On 31 March 2019 11,550,000 unlisted options with an exercise price of \$0.04 and 15,625,002 unlisted options with an exercise price of \$0.05 expired unexercised.

(e) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2019, the Group has net liabilities of \$ 95,682 (2018: net liabilities of \$ 94,353). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. Refer to note 23 for further information on the Group's financial risk management policies.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 \$ | 2018 \$ |
|------------------------------|----------------|----------------|
| 16. Reserves | | |
| Share based payments reserve | 858,117 | 719,687 |
| Total | 858,117 | 719,687 |

Movements in Reserves:

| | | |
|-------------------------------------|----------------|----------------|
| <i>Share based payment reserve</i> | | |
| At beginning of the period | 719,687 | 689,687 |
| Options issued to corporate advisor | 138,430 | 30,000 |
| Balance at the end of the year | 858,117 | 719,687 |

The share based payment reserve was used to record the value of equity benefits provided to the Company's corporate advisers during the year.

17. Accumulated losses

Movements in accumulated losses were as follows:

| | | |
|--------------------------------|------------------|------------------|
| Opening balance | 6,822,352 | 5,939,642 |
| Loss for the year | 1,113,823 | 882,710 |
| Balance at the end of the year | 7,936,175 | 6,822,352 |

18. Subsequent events

On 5 July 2019 the Group completed a share placement of 12,252,605 shares to raise \$624,883 at 5.1 cents per share to assist the company in its capital management and fund expansion of sales into the UK, Hong Kong and Asia.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

| | 2019 \$ | 2018 \$ |
|---|-------------------------|--------------------|
| 19. Loss per share | | |
| Loss used in calculating basic and dilutive EPS | (1,113,823) | (882,710) |
| | | |
| | Number of Shares | |
| | 2019 | 2018 |
| Weighted average number of ordinary shares used in calculating basic loss per share: | 479,405,185 | 403,417,546 |
| Effect of dilution: | | |
| Adjusted weighted average number of ordinary shares used in calculating diluted loss per share: | 479,405,185 | 403,417,546 |
| | | |
| Basic and diluted loss per share (cents) | (0.23) | (0.22) |
| | | |
| | 2019 \$ | 2018 \$ |
| 20. Auditors remuneration | | |
| The auditor of IODM Limited is BDO East Coast Partnership | | |
| Amounts received or due and receivable to BDO East Coast Partnership for: | | |
| - an audit or review of the financial report | 36,000 | 36,000 |
| - preparation of income tax return | 6,000 | 6,000 |
| | 42,000 | 42,000 |

21. Related party transactions

The Group's related parties include its subsidiaries and key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding transaction balances are usually settled in cash.

21.1 Transactions with KMP

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

Styletown Investments Pty Ltd, a company which Mr. Mark Reilly is a director and shareholder, provided the Group with the provision of Director services totaling \$11,666 (2018 \$70,000) of which \$Nil was outstanding at year end.

262 Capital Pty Ltd, a company which Mr. Anthony Smith is a Director and shareholder, provided the Group with the provision of director services totalling \$ 2,845 (2018 \$Nil) of which \$2,845 was outstanding at year end.

Cashel Financial Services Pty Ltd a company which Mr. Smith is Responsible Manager was engaged by the Group in April 2018 to act as its financial adviser in connection with corporate advice. During the year Cashel House Financial Services Pty Ltd was paid \$ 44,000 retainer fee of which \$ 4,000 was outstanding at year end and \$ 91,830 capital raising fee of which \$Nil was outstanding at year end.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

There were no other transactions or loans made to key management personnel for the year ended 30 June 2019.

21.2 Transactions with key management personnel

Key management of the Group are the executive members and non-executive members of the IODM Board of Directors. Key management personnel remuneration includes the following expenses:

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits | | |
| Salaries | 110,508 | 180,000 |
| Directors fees | 108,871 | 127,000 |
| Consulting fees | - | 37,500 |
| Annual leave provision | 2,019 | 9,206 |
| Total short term employee benefits | | |
| Long service leave provision | 1,977 | 5,661 |
| Superannuation | 19,241 | 22,515 |
| Total remuneration | 242,616 | 381,882 |

22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of IODM Limited and the following subsidiaries:

| Name of Entity | Country of Incorporation | Equity Holding | |
|---|--------------------------|----------------|------|
| | | 2018 | 2017 |
| The Debtor Management Hub Pty Ltd | Australia | 100% | 100% |
| The Innovative Online Debt Management Trust | Australia | 100% | 100% |
| Paradigm NSW Pty Limited | Australia | 100% | 100% |
| Paradigm Queensland Pty Limited | Australia | 100% | 100% |
| Tungsten NSW Pty Limited | Australia | 100% | 100% |

23. Financial Risk Management

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

| | 2019 | 2018 |
|------------------------------|---------|---------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and cash equivalents | 132,474 | 146,930 |
| Trade and other receivables | 182,467 | 74,845 |
| Financial Liabilities | | |
| Trade and other payables | 343,489 | 236,651 |
| Finance Leases | 32,913 | 44,919 |

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Maturity analysis for financial liabilities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated – 2019 | Weighted average interest rate | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Remaining Contractual Maturities \$ |
|------------------------------|---|----------------------|--------------------------------|--------------------------------|--|
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | - | 167,456 | - | - | 167,456 |
| Other payables | - | 143,880 | - | - | 143,880 |
| <i>Interest bearing</i> | | | | | |
| Equipment Finance | 7% | 17,613 | 15,300 | - | 32,913 |
| Total Non-derivatives | | 328,949 | 15,300 | - | 344,249 |

| Consolidated – 2018 | Weighted average interest rate | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Remaining Contractual Maturities \$ |
|------------------------------|---|----------------------|--------------------------------|--------------------------------|--|
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade payables | - | 68,715 | - | - | 68,715 |
| Other payables | - | 143,880 | - | - | 143,880 |
| <i>Interest bearing</i> | | | | | |
| Equipment Finance | 7% | 16,810 | 12,809 | 15,300 | 44,919 |
| Total Non-derivatives | | 229,405 | 12,809 | 15,300 | 257,514 |

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash.

IODM Limited**Notes to the Consolidated Financial Statements for the year ended 30th June 2019**

| | 2019 \$ | 2018 \$ |
|---------------------------|------------|------------|
| Cash and cash equivalents | 132,474 | 146,930 |

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

| Change in Basis Points | Effect on Post Tax Loss (\$) Increase/(Decrease) | | Effect on Equity including accumulated losses (\$) Increase/(Decrease) | |
|---------------------------|---|---------|--|---------|
| | 2019 | 2018 | 2019 | 2018 |
| Increase 100 basis points | (1,324) | (1,469) | (1,324) | (1,469) |
| Decrease 100 basis points | 1,324 | 1,469 | 1,324 | 1,469 |

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including bank and financial institutions, foreign exchange transactions and other financial instruments.

At 30 June 2019, the Group held cash at bank. These were held with a single financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2019 (2018: nil).

(d) Fair Value Measurement

There were no financial assets or liabilities at 30 June 2019 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

24. Contingent Liabilities

There are no known contingent liabilities as at 30 June 2019 (2018: nil).

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

25. Commitments

Operating Leases

The Group leases an office building under an operating lease.

The future minimum lease payments are as follows

| | Within 1 year | 1-5 years | Total |
|--------------|---------------|-----------|---------|
| | \$ | \$ | \$ |
| 30 June 2019 | 84,180 | 86,285 | 170,465 |
| 30 June 2018 | 82,260 | 164,520 | 246,780 |

Finance Leases

The Group's finance lease liabilities which are secured by the related assets under finance leases are classified as follows

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| <i>Lease commitments - finance</i> | 2019 | 2018 |
|---|---------|---------|
| | \$ | \$ |
| Committed at the reporting date and recognised as liabilities, payable: | | |
| Within one year | 20,132 | 19,639 |
| One to five years | 18,235 | 33,401 |
| | <hr/> | <hr/> |
| Total commitment | 38,367 | 53,040 |
| Less: Future finance charges | (5,454) | (8,121) |
| | <hr/> | <hr/> |
| Net commitment recognised as liabilities | 32,913 | 44,919 |
| | <hr/> | <hr/> |
| Representing: | | |
| Lease liability - current | 17,613 | 16,810 |
| Lease liability - non-current | 15,300 | 28,109 |
| | <hr/> | <hr/> |
| | 32,913 | 44,919 |
| | <hr/> | <hr/> |

26. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2019.

The balance of the franking account is nil at 30 June 2019 (2018: nil).

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

27. Share Based Payments

| | 2019 \$ | 2018 \$ |
|--|----------------|---------------|
| Balance at start of year | 30,000 | 0 |
| Increase in valuation during year | | |
| Share based payment to corporate advisor (a) | 5,093 | 30,000 |
| Share based payment to corporate advisor (b) | 133,337 | 0 |
| Balance at year end | 168,430 | 30,000 |
| Movement | 138,430 | 30,000 |

(a) Share based payment to corporate advisor

On 31 January 2018, IODM Limited issued 4,500,000 options as consideration for corporate advisory services.

The directors has assessed the fair value at grant date of options granted was determined to be \$ 35,093 using methodology recommended by an independent expert that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summaries options granted to the corporate advisor:

| Grant Date | Expiry date | Exercise price | Balance at beginning of the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Exercisable at end of the year Number |
|---|-------------|----------------|--|-------------------------------------|-------------------------------------|--------------------------------------|--|
| 31/01/2018 | 30/06/2020 | \$0.010 | 1,500,000 | - | - | 1,500,000 | 1,500,000 |
| Weighted remaining contractual life (years) | | | - | - | - | 1.0 | 1.0 |
| Weighted average exercise price | | | - | - | - | \$0.010 | \$0.010 |

| Grant Date | Expiry date | Exercise price | Balance at beginning of the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Exercisable at end of the year Number |
|---|-------------|----------------|--|-------------------------------------|-------------------------------------|--------------------------------------|--|
| 31/01/2018 | 30/06/2021 | \$0.012 | 1,500,000 | - | - | 1,500,000 | 1,500,000 |
| Weighted remaining contractual life (years) | | | - | - | - | 2.0 | 2.0 |
| Weighted average exercise price | | | - | - | - | \$0.012 | \$0.012 |

| Grant Date | Expiry date | Exercise price | Balance at beginning of the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Exercisable at end of the year Number |
|---|-------------|----------------|--|-------------------------------------|-------------------------------------|--------------------------------------|--|
| 31/01/2018 | 30/06/2022 | \$0.016 | 1,500,000 | - | - | 1,500,000 | 1,500,000 |
| Weighted remaining contractual life (years) | | | - | - | - | 3.0 | 3.0 |
| Weighted average exercise price | | | - | - | - | \$0.016 | \$0.016 |

The model inputs, not included in the table above, for above options granted during the year ended 30 June 2018 included:

- (a) share price at was \$0.012;
- (b) expected volatility of 100%;
- (c) expected dividend yield of nil; and

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

- (d) a risk free interest rate
 2.02% for options expiring on 30/06/2020
 2.25% for options expiring on 30/06/2021
 2.41% for options expiring on 30/06/2022

(b) Share based payment to corporate advisor

On 30 May, 2018 IODM Limited issued 20,000,000 options at an exercise price of \$0.0175 cents expiring on 31 May 2020.

The issue of the options were subject to achieving the following milestones

- 10,000,000 options upon introducing the company to 15 sophisticated investors for the purpose of introducing and marketing the company
- 5,000,000 options upon introducing the company to 5 new corporate clients that result in IODM preparing a proposal for that introduction
- 5,000,000 options upon the completion of 3 investor roadshows involving the managing director.

All year end milestone conditions had been satisfied.

The fair value at grant date of options granted was determined to be \$133,337 using methodology recommended by an independent expert that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summaries options granted to the corporate advisor.

| Grant Date | Expiry date | Exercise price | Exercisable at beginning of the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Exercisable at end of the year Number |
|---|-------------|----------------|--|-------------------------------------|-------------------------------------|--------------------------------------|--|
| 30/05/2018 | 30/05/2020 | \$0.0175 | 20,000,000 | - | - | 20,000,000 | 20,000,000 |
| Weighted remaining contractual life (years) | | | - | - | - | 0.11 | 0.11 |
| Weighted average exercise price | | | - | - | - | \$0.018 | \$0.018 |

The model inputs, not included in the table above, for above options granted during the year ended 30 June 2018 included:

- (a) share price at was \$0.014;
 (b) expected volatility of 100%;
 (c) expected dividend yield of nil; and
 (d) risk free interest rate of 1.83%

On 5 September 2019 1,500,000 options were exercised at \$0.0175 for a total of \$ 26,250 and on 10 September 2019 2,000,000 options were exercised at \$0.0175 for a total of \$35,000.

(c) Share based payment – Expiry of Options

Options issued to convertible note holders and corporate adviser on 29 June 2016 expired unexercised on the 31 March 2019.

| Grant Date | Expiry date | Exercise price | Exercisable at beginning of the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Exercisable at end of the year Number |
|------------|-------------|----------------|--|-------------------------------------|-------------------------------------|--------------------------------------|--|
| 29/06/2016 | 31/03/2019 | \$0.04 | 12,000,000 | 450,000 | 11,550,000 | - | - |
| 29/06/2016 | 31/03/2019 | \$0.05 | 15,625,002 | - | 15,625,002 | - | - |

11,550,000 unlisted options with an exercise price of \$0.04 and 15,625,002 unlisted options with an exercise price of \$0.05 expired unexercised before the expiry on 31 March 2019.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30th June 2019

28. Parent entity information

The following details information related to the legal parent entity, IODM Limited at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in note 2.

| | 2019 \$ | 2018 \$ |
|--|--------------------|------------------|
| Current assets | 307,272 | 214,106 |
| Non-current assets | 19,726 | 31,452 |
| Total assets | 326,998 | 245,558 |
| Current liabilities | 671,940 | 590,184 |
| Non-current liabilities | 21,928 | 20,915 |
| Total liabilities | 693,860 | 611,099 |
| Net liabilities | (366,870) | (365,541) |
| Issued capital | 19,175,477 | 18,062,983 |
| Reserves | 823,095 | 823,095 |
| Accumulated losses | (20,365,442) | (19,251,619) |
| Total deficiency | (366,870) | (365,541) |
| Loss of the parent entity | (1,113,823) | (882,710) |
| Total comprehensive income of the parent entity | (1,113,823) | (882,710) |

IODM Limited – Directors’ Declaration

In accordance with a resolution of the Directors of IODM Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board.

2. This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer in accordance with sections 295A of the *Corporations Act 2001*.

On behalf of the Board



Dr Paul Kasian
Chairman

16 September 2019



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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF IODM LIMITED

As lead auditor of IODM Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'J Mooney', is written over a light grey horizontal line.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 16 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of IODM Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IODM Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 2 (c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



Key audit matters

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

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of IODM Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'J Mooney', is written over a faint, stylized 'BDO' logo.

James Mooney
Partner

Melbourne, 16 September 2019

IODM Limited – Corporate Governance Statement

This statement has been approved by the Board. It is current as at 3 September 2019 and scheduled for an annual review at the next Board Meeting.

IODM's approach to Corporate Governance

This Statement explains how IODM addresses the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition' (referred to as either ASX Principles or Recommendations).

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – *A listed entity should disclose:*

- a) *the respective roles and responsibilities of its board and management;*
- b) *those matters expressly reserved to the board and those delegated to management.* 7

Role of the IODM Board ('the Board')

The Board is responsible for the governance of IODM. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from IODM's Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed and amended in September 2016.

The major powers the Board has reserved to itself are:

- Appointment of senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

Delegation to the Managing Director

The Board has delegated to the Managing Director responsibility for implementing IODM's strategic direction and for managing IODM's day-to-day operations.

Recommendation 1.2 – *A listed entity should disclose:*

- a) *undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
- b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Group does not have a Nomination Committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

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Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

Recommendation 1.3 – *A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.*

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Recommendation 1.4 – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

IODM's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the Managing Director. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5 – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives.

The Board continues to monitor diversity across the organisation. Due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

| | Actual | |
|-------------------------------------|--------|------------|
| | Number | Percentage |
| Women in the whole organisation | 2 | 17% |
| Women in senior executive positions | 1 | 8% |
| Women on the board | - | - |

IODM Limited – Corporate Governance Statement

Recommendation 1.6 – A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Evaluation of Board and individual Directors

The Board of IODM conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

Recommendation 1.7 – A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of IODM conducts its performance review the Managing Director on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

Principle 2: Structure the Board to add value

IODM's Constitution provides for a minimum of three directors and a maximum of twelve.

The Directors of IODM at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 1 to 3 of the Annual Report.

The Board met ten times during the financial year. Director's attendances are set out on page 5 of the 2019 Annual Report.

Recommendation 2.1 – The Board of a listed entity should:

- a) *have a nomination committee which:*
 1. *Has at least three members, a majority of whom are independent directors; and*
 2. *Is chaired by an independent director;**and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

The Group does not have a Nomination committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.2 – The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership.

The Board continues to monitor the mix of skills and diversity on the Board. Due to the size of the Group, the

IODM Limited – Corporate Governance Statement

Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

Recommendation 2.3 – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
- c) *the length of service of each director.*

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, two directors are considered independent. Accordingly, a majority of the board is not independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense. The term in office held by each Director in office at the date of this report is as follows:

| Name | Term in office |
|--------------------|----------------|
| Dr. Paul Kasian | 37 months |
| Mr. David Ireland | 23 months |
| Mr. Anthony Smith | 4 months |
| Mr. Brian Jamieson | 2 weeks |

Recommendation 2.4 – *The majority of the Board of a listed entity should be independent Directors.*

The Group does have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

As at 30 June 2018, the Board comprised one non-executive Chairman, one Managing Director and one non-executive director. The Board has determined that the two non-executive Directors were throughout the entirety of the financial year, independent.

Recommendation 2.5 – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

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Under IODM's Constitution, the Board elects a Chairman from amongst the non-executive Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

IODM's Chairman, Paul Kasian is considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.6 – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Managing Director; and
- IODM's financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – *A listed entity should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

IODM has a Code of Conduct that applies to IODM and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which are set out under the following headings:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new IODM employees.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – *A board of a listed entity should:*

- a) *have an audit committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
 3. *the charter of the committee;*
 4. *the relevant qualifications and experience of the members of the*

- committee; and*
- 5. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Charter of the Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

Recommendation 4.2 – *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Managing Director and the CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3 – *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor attends IODM's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to IODM at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2018 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by IODM and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – *A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

Disclosure

IODM's Disclosure Policy describes IODM's continuous disclosure obligations and how they are managed by IODM. The Policy is reviewed bi-annually and is published on IODM's website. It was most recently reviewed in

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September 2016.

Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available in the Media centre on the IODM website.

Financial market communications

Communication with the financial market is the responsibility of the Managing Director. Communication with the media is the responsibility of the Managing Director. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to IODM's future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

IODM's website at www.iodm.com.au provides detailed information about its business and operations. Details of IODM's Board Members can be found here.

The Investor Relations link on IODM's website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about IODM's corporate governance on its website at www.iodm.com.au. This includes IODM's Constitution, Board and Board Charters, and extensive list of IODM's other Policies that support corporate governance.

The following documents are published on the IODM website under Investor / Corporate Governance:

- Constitution
- Corporate Governance Statement
- Board Charter
- Audit Committee Charter
- Executive Committee Charter
- Directors and Executive Offices' Code of Conduct
- Performance Evaluation Process
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Recommendation 6.2 – A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

IODM is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

IODM promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;

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- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Recommendation 6.3 – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to IODM's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about IODM's operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director or the Managing Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

Recommendation 6.4 – *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. IODM provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the IODM website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the IODM Share Registry with an email address and elects to be notified of all IODM ASX announcements.

The IODM Share Register is managed and maintained by Boardroom Limited Share Registry Services. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Boardroom Share Registry InvestorOnline Login or by emailing info@boardroomlimited.com.au

Principle 7: Recognise and manage risk

Recommendation 7.1 – *A board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

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Recommendation 7.2 – *The board or a committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

Risk Management Policies

IODM has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that IODM has a sound system of risk management and internal control that is operating effectively. The Board annually reviews and approves IODM's main risk exposures and the actions being taken to mitigate those risks.

Recommendation 7.3 – *A listed entity should disclose:*

- a) *If it has an internal audit function, how the function is structured and what role it performs; or*
- b) *If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Group does not have an established internal audit function given the size of its function. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

Recommendation 7.4 – *A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Board of IODM informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – *A board of a listed entity should:*

- a) *have a remuneration committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director,**and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

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The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Recommendation 8.2 – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

IODM's remuneration structure distinguishes between non-executive Directors and that of the Managing Director. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report which forms part of the Annual Report.

Recommendation 8.3 – *A listed entity which has an equity-based remuneration scheme should:*

- a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) *disclose that policy or a summary of it.*

IODM does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Group does not have an equity based remuneration.

IODM Limited

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 3 September 2019.

Distribution of Share Holders

| | Ordinary Shares | |
|--------------------|-------------------|--------------------|
| | Number of Holders | Number of Shares |
| 1 - 1,000 | 143 | 22,912 |
| 1,001 - 5,000 | 57 | 159,437 |
| 5,001 - 10,000 | 40 | 324,244 |
| 10,001 - 100,000 | 265 | 11,164,034 |
| 100,001 - and over | 176 | 514,750,106 |
| TOTAL | 681 | 526,420,733 |

Substantial Shareholders

| Holder | Shares | % of Issued Capital |
|-----------------------------|------------|---------------------|
| Arena IODM Portfolio Trust | 63,911,869 | 10.26 |
| Rogers IODM Portfolio Trust | 60,232,142 | 8.04 |
| Mark Reilly | 31,002,083 | 5.89 |
| Yongala Investments | 28,516,667 | 5.42 |

Voting Rights

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

1. The name of the Company Secretary is Ms Petrina Halsall.
2. The address of the principal registered office in Australia is Level 5, 24 Albert Road, South Melbourne, Vic, 3205 Telephone + 61 (03) 8396 5890.
3. The register of securities is held at;

Boardroom Pty Ltd,
Level 12, 225 George Street, SYDNEY, NSW, 2000 Telephone 1300 737 760.
4. **Securities Exchange Listing**

Quotation has been granted for 526,420,733 ordinary shares on all member exchanges of the Australian Securities Exchange Limited ("ASX") and trade under the symbol 'IOD'.
5. Detailed schedules of exploration and mining tenements held are included on page 53.
6. Directors' interests in share capital are disclosed in the Directors' Report.
7. There are 24,500,000 unlisted options at the date of this report.
8. There is currently no on-market buy-back in place.
9. For the current financial year, the entity used its cash and assets in a form readily convertible to cash in a manner consistent with its business activities.

IODM Limited

Top Twenty Share Holders

| Position | Holder Name | Holding | % IC |
|----------|--|--------------------|----------------|
| 1 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 77,787,996 | 14.77% |
| 2 | ARENA IODM PORFOLIO TRUST | 53,999,372 | 10.26% |
| 3 | ROGERS IODM PORFOLIO TRUST | 42,335,089 | 8.04% |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 38,638,082 | 7.34% |
| 5 | MARK REILLY | 31,002,083 | 5.89% |
| 6 | YONGALA INVESTMENTS | 28,516,667 | 5.42% |
| 7 | EVERFLOW TECHNOLOGIES INC | 22,877,898 | 4.34% |
| 8 | THE RUFUS PARTNERSHIP (VIC) PTY LTD | 17,491,749 | 3.32% |
| 9 | CSF INVESTMENTS (QLD) PTY LTD <CRANOT SUPER FUND A/C> | 15,243,590 | 2.90% |
| 10 | WINDPAC PTY LTD <THE SLACK FAMILY A/C> | 15,000,000 | 2.85% |
| 11 | STARWAY CORPORATION PTY LTD <GILES SUPER FUND A/C> | 14,195,587 | 2.70% |
| 12 | LALA INVESTMENTS PTY LTD <ALI-OOP S/FUND A/C> | 12,810,257 | 2.43% |
| 13 | HAY STREET PROPERTY PTY LTD <HAY STREET PROPERTY A/C> | 8,934,800 | 1.70% |
| 14 | CLAYDON SUPER PTY LTD <CLAYDON SUPER FUND A/C> | 7,934,968 | 1.51% |
| 15 | JURIS ASSET MANAGEMENT PTY LTD <GRECH SUPERANNUATION A/C> | 5,133,335 | 0.98% |
| 16 | KALIN CONSULTING PTY LTD <KAYLIA FAMILY A/C> | 5,000,000 | 0.95% |
| 17 | ISAR HOLDINGS PTY LTD <THE JONINA FAMILY A/C> | 5,000,000 | 0.95% |
| 18 | DIXIE INVESTMENTS PTY LTD | 4,769,051 | 0.91% |
| 19 | LOUISE WEAVING | 4,500,000 | 0.86% |
| 20 | BOUCHI PTY LTD | 4,268,750 | 0.81% |
| | Total | 415,438,280 | 78.92% |
| | Total issued capital - selected security class(es) | 526,420,733 | 100.00% |