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IODM Limited

ABN 28 102 747 133

Annual Report

30 June 2017

Corporate Directory

Directors

Mr. Mark Reilly (Non-Executive Chairman)

Mr. Damian Arena (Managing Director)

Mr. Christopher Rogers (Executive Director)

Dr. Paul Kasian (Non-Executive Director)

Company Secretary

Ms. Petrina Halsall

Registered Office and Principal Place of Business

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22 Albert Road

SOUTH MELBOURNE VIC 3205

Australia

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Facsimile: + 61 8 9227 6390

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Share Registry

Automic Registry Services Pty Ltd

Level 1

7 Ventnor Ave

WEST PERTH WA 6005

Australia

Telephone: + 61 8 9324 2099

Facsimile: + 61 8 9321 2337

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 2017. 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.

Mr. Mark Reilly - Non-Executive Chairman

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) Ochre Group Holdings Limited (appointed 28 January 2014, resigned 29 December 2014) 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

Mr. Damian Arena – Managing Director

Mr. Arena is an accountant with broad commercial experience including the management of debt collection businesses. Prior to founding IODM Pty Ltd, Mr. Arena was the CEO of LP Gas 1, the largest LP Gas installer in the Southern Hemisphere, and managed the sale of the company to an ASX listed entity. Mr. Arena has over 20 years of experience as an investor and executive in growth companies.

In addition, Mr. Arena has been an investor and executive in a number of growth companies for a number of years, including Noodle Box Group and Consolidated Collections, and has helped to achieve corporate growth through a mixture of direct sales, franchising and channelled partnering via his vast network in Australia and overseas.

Mr. Arena has not held any other listed directorships in the past three years.

Mr. Christopher Rogers – Executive Director (appointed 1 December 2016)

Mr. Rogers has over 30 years in the consulting IT industry. He has consulted at some of the largest European enterprises in the world. He has a very sound understanding of customer profiling, marketing segmentation and permission marketing.

He has developed a multimillion dollar professional services consultancy business in APAC from 2007 to 2009 and has also previously sold a high value IP in a trade sale to NASDAQ listed company in 2000. He has not held any other listed directorships over the past three years.

Dr. Paul Kasian – Non-Executive Director (appointed 31 August 2016)

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 a director of Genetic Technologies Limited (appointed 12 December 2013). He has not held any other listed directorships in the past three years.

IODM Limited – Directors’ Report

Mr. Earle Harper – Former Non-Executive Director (resigned 31 January 2017)

Mr. Harper has over 25 years of Corporate and Federal Government experience. Mr. Harper’s previous roles include some 20 plus years in financial services including funds management, private banking and consulting roles. Between 2010/13 Mr. Harper was a Senior Trade Adviser at the Australian Trade Commission providing guidance on market entry strategies for Australian companies in the financial services, ICT and renewable energy sectors.

In 2014 Mr. Harper successfully commercialised an ICT company culminating in the back door listing on the Australian Stock Exchange (ASX). Since stepping down as CEO of this company, Mr. Harper is currently working with a number of Australian companies seeking to commercialise their value propositions globally. Sectors range from cloud technologies through to clean and renewable technology sectors.

Mr. Harper has not held any other listed directorships over the past three years.

Mr. Michael Bugelly – Former Executive Director (resigned 31 October 2016)

Mr. Bugelly is a Chartered Accountant who commenced his career with KPMG. Mr. Bugelly has experience in public practice as a partner in charge of audit and corporate advice and has specialised in SME market - including providing advice on all stages of a business life cycle, business growth strategies, valuations and corporate restructuring.

Mr. Bugelly is a director of The Rufus Partnership (Vic) Pty Ltd, a corporate advisory firm specialising in assisting business owners maximise the value of their business, and also of Business Impact Group Pty Ltd, a firm assisting businesses in increasing EBIT and cashflow and maximising business value.

Mr. Bugelly has been involved in the Not for Profit sector, providing professional corporate governance and investment guideline services and was also a Director of Oz Child for 13 years. Mr. Bugelly has a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants.

Mr. Bugelly has not held any other listed directorships in the past three years.

Ms Petrina Halsall – Company Secretary (appointed 1 December 2016)

Ms. Halsall is a Chartered Accountant who commenced her career with KPMG and has experience with Public companies in audit and has specialised in 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.

Ms. Paula Cowan – Former Company Secretary (resigned 30 June 2017)

Ms. Cowan is a finance professional with over 10 years’ experience and is presently a Director of Palisade Business Consulting, a consulting and secretarial advisory firm specialising in business advisory, consulting and back office support (finance and secretarial) to SME’s and ASX listed entities. Prior to that Ms. Cowan held senior roles in advisory firms KordaMentha and Ernst and Young.

Ms. Cowan holds a Bachelor of Commerce/Law (Hons), is a qualified Chartered Accountant and a Graduate of the Australian Institute of Company Directors.

IODM Limited – Directors’ Report

INTERESTS IN THE SECURITIES OF THE GROUP

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

Director	Ordinary Shares	Performance Shares	Options exercisable at \$0.04 on or before 31/03/19
D. Arena	63,911,865	38,000,000	-
C. Rogers	60,282,143	15,700,000	-
M. Reilly	21,808,750	7,500,000	-
P. Kasian	26,250,000	-	400,000

RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$ 1,864,978 (2016: \$ 4,074,664).

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 business a superior accounts receivable monitoring and collection management tool through a central cloud based platform.

EMPLOYEES

The Group had eight employees at 30 June 2017 (2016: six).

REVIEW OF OPERATIONS

IODM’s software fully automates the debtor management process to help improve cash flow to increase efficiencies and timeliness of collection.

Through its interface with cloud, desktop and enterprise software IODM has secured sales with mid-tier accounting firms and corporate accounts with global brands. IODM has also secured a national rollout with mid-tier and top 4 accounting firms to introduce IODM to their client base as the preferred debtor management solution.

IODM has expanded its distribution network through the appointment of resellers and referrers throughout Australia and has also established an internal sales team.

IODM’s strategic partnership with National Credit Solutions (NCI) has seen all NCI sales team across Australia trained and enabled to commence selling IODM throughout its client base. Several medium to large corporates have already been identified and approached with the first committed client to go live and to revenue late in the September Quarter.

The strategic partnership with Australia and New Zealand’s largest trade and debtor finance company Scottish Pacific has commenced with all relevant IT interfaces to be completed by early September. Scottish Pacific’s sales team has already been introduced to IODM and formal training will commence during the month of September.

Several other strategic partnerships have been formed with Finance companies to White Label IODM and introduce the solution throughout their network.

IODM Limited – Directors’ Report

Update on Exploration Projects

During the previous financial year, the Company changed its activities from the mineral resources and exploration industry to a cloud based Software as a Service provider. As a result, the Company has focused on the realisation process of the tenement assets held.

The Ladies Copper Project

There was no field exploration conducted at the Ladies during the year. The Company is in discussions with several parties in regards to the realisation of this project.

Fourmile Tank

No work was carried out on EPM 18294 during the current year. The Company is in discussions with several parties in regards to the realisation of this project.

CORPORATE

Board Changes

The Company has had a number of Board changes during the financial year with the resignation of Mr. Michael Bugelly and Mr. Earle Harper as Directors and the appointment of Dr Paul Kasian and Mr Christopher Rogers as Directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 8 July 2016, having complied with all reinstatement conditions, the Group was reinstated to the Official Quotation for commencement of trading.

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 8 August 2017 the Group announced it was undertaking a pro-rata non-renounceable issue of 3 fully paid ordinary shares (share) for each 8 shares held at an issue price of \$ 0.008 per new share to raise up to approximately

\$1,000,000. (Rights Issue). The rights issue was partially underwritten by Domain Capital to the amount of \$700,000. The Rights Issue closed on 8 September 2017 and the Group received valid entitlement issue acceptances for 4,290,376 shares and shortfall offer applications for 1,346,687 shares resulting in a total of 5,637,063 new shares. Total funds raised from the issue of new securities was \$ 45,097 before costs. As part of the underwriting agreement with Domain Capital Pty Ltd a further 88,459,033 underwritten securities were issued on 25 September 2017 to the underwriter and sub-underwriters in accordance with the terms of the underwriting agreement for a total subscription price of \$707,656. Mr Mark Reilly is a shareholder and director of Domain Capital Pty Ltd.

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 27,625,002 unissued ordinary shares under options (27,625,002 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date	Details
12,000,000	\$0.04	31/03/2019	Options issued to broker
15,625,002	\$0.05	31/03/2019	Options issued to convertible noteholders

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the year, 5,139 of options with an exercise price of 0.04 and expiry of 31 December 2016 were exercised.

On 31 December 2016, 24,538,342 unlisted options with an exercise price of 0.04 expired unexercised.

IODM Limited – Directors’ Report

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 Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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. Damian Arena	11	11
Mr. Mark Reilly	11	11
Dr. Paul Kasian	9	9
Mr. Christopher Rogers	6	6
Mr. Earle Harper	6	5
Mr. Michael Bugelly	3	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 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 elsewhere in 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

There were no non-audit services provided by the auditors of the Group during the year.

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 2016 AGM

The Group received 94% of “yes” votes on its remuneration report for the 2016 financial year. The Group did not receive any specific feedback at the AGM or throughout the year regarding its remuneration policies.

Details of Key Management Personnel

Mr. Damian Arena	Managing Director
Mr. Christopher Rogers	Executive Director (appointed 1 December 2016)
Mr. Mark Reilly	Non-Executive Chairman
Dr. Paul Kasian	Non-Executive Director (appointed 31 August 2016)
Mr. Earle Harper	Former Non-Executive Director (resigned 31 January 2017)
Mr. Michael Bugelly	Former Executive Director (resigned 31 October 2016)

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 subsequent to the reverse acquisition which occurred during the year ended 30 June 2017:

As at 30 June	2017
Loss per share (cents)	(0.56)
Total KMP remuneration (\$)	679,482

There is no link between performance of the Group and KMP remuneration due to the current nature of business operations. The prior year figures are not shown due to the change in the Company’s activities on 29 June 2016.

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 financial year are as follows:

	Short term				Post employment			
2017	Base Salary \$	Directors’ Fees \$	Consulting Fees \$	Annual Leave Provisions \$	Share Based Payments \$	Termination \$	Super-annuation \$	TOTAL \$
Executive Director								
Mr. Damian Arena	202,500	9,000	-	10,454	-	-	20,473	242,427
Mr. Christopher Rogers ¹	-	-	104,760	-	-	-	-	104,760
Mr. Michael Bugelly ³	90,000	9,000	-	-	-	91,500	16,520	207,020
Non-Executive Director								
Mr. Mark Reilly	-	70,000	-	-	-	-	-	70,000
Dr. Paul Kasian ²	-	30,000	-	-	-	-	2,565	32,565
Mr. Earle Harper ⁴	-	21,000	-	-	-	-	1,710	22,710
	292,500	139,000	104,760	10,454	-	91,500	41,268	679,482

¹ Mr Rogers was appointed on 1 December 2016

² Dr. Kasian was appointed on 31 August 2016

³ Mr Bugelly resigned on 31 October 2016

⁴ Mr. Harper resigned on 31 January 2017

IODM Limited – Directors’ Report

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				Post-employment			
2016	Base Salary \$	Directors’ Fees \$	Consulting Fees \$	Share Based Payments \$	Super- annuation \$	Annual Leave Provision \$	Total \$	SBP Related %
Executive Director								
Mr. Damian Arena ¹	104,000	27,000	-	-	-	-	131,000	-
Mr. Christopher Rogers ²	-	-	63,600	-	-	-	63,600	-
Mr Michael Bugelly ¹	104,000	27,000	-	-	-	-	131,000	-
Non-Executive Director								
Mr. Mark Reilly ³	-	20,833	-	-	-	-	20,833	-
Mr. Earle Harper ⁴	-	-	-	-	-	-	-	-
	208,000	74,833	63,600	-	-	-	346,433	-

¹ Mr. Arena and Mr. Bugelly were appointed on 28 June 2016.

² Mr. Rogers was appointed on 1 December 2016

³ Mr. M Reilly was appointed on 2 October 2015.

⁴ Mr. Harper was appointed on 7 March 2016.

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 The

30 June 2017	Balance at the start of the year	Granted during the year as compensation	On appointment / resignation	On market/other	Balance at the end of the year
Executive Director					
Mr. Damian Arena	63,161,865	-	-	500,000	63,661,865
Mr Christopher Rogers ¹	-	-	56,407,143	300,000	56,707,143
Mr. Michael Bugelly ³	17,491,745	-	(17,491,745)	-	-
Non-Executive Director					
Mr. Mark Reilly	250,000	-	-	100,000	350,000
Dr. Paul Kasian ²	-	-	7,500,000	-	7,500,000
Mr. Earle Harper ⁴	1,749,174	-	(1,749,174)	-	-

¹ Mr. Rogers was appointed on 1 December 2016

² Dr Kasian was appointed on 31 August 2016

³ Mr Bugelly resigned on 31 October 2016

⁴ Mr. Harper resigned on 31 January 2017.

IODM Limited – Directors’ Report

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 2017	Balance at the start of the year	Granted during the year as compensation	On appointment	Exercised during the year	Expired during the year	Balance at the end of the year
Executive Director						
Mr. Damian Arena	-	-	-	-	-	-
Mr Christopher Rogers ¹	-	-	-	-	-	-
Mr. Michael Bugelly ³	-	-	-	-	-	-
Non-Executive Director						
Mr. Mark Reilly	-	-	-	-	-	-
Dr. Paul Kasian ²	-	-	400,000	-	-	400,000
Mr Earle Harper ⁴	-	-	-	-	-	-

¹ Mr. Rogers was appointed on 1 December 2016

² Dr Kasian was appointed on 31 August 2016

³ Mr Bugelly resigned on 31 October 2016

⁴ Mr. Harper resigned on 31 January 2017

Performance Share Holdings of Key Management Personnel

IODM Limited issued the following deferred Performance Shares which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones, refer to note 26 for further detail, before the expiry date:

Class	Director and Other KMP	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievement	Share Price on Grant Date (\$)
A	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	1,900,000 785,000 550,000 375,000 7,000	29/06/2016	Nil	31/12/2017	0.04
B	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	1,900,000 785,000 550,000 375,000 7,000	29/06/2016	Nil	31/12/2017	0.04
C	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	1,900,000 785,000 550,000 375,000 7,000	29/06/2016	Nil	31/12/2017	0.04
D	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	13,300,000 5,495,000 3,850,000 2,625,000 49,000	29/06/2016	Nil	31/12/2017	0.04
E	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	3,800,000 1,570,000 1,100,000 750,000 14,000	29/06/2016	Nil	31/12/2018	0.04
F	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	3,800,000 1,570,000 1,100,000 750,000 14,000	29/06/2016	Nil	31/12/2018	0.04
G	Mr. Damian Arena Mr. Christopher Rogers Mr. Michael Bugelly Mr. Mark Reilly Mr. Earle Harper	11,400,000 4,710,000 3,300,000 2,250,000 42,000	29/06/2016	Nil	31/12/2018	0.04

IODM Limited – Directors’ Report

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.

Rogers IODM Portfolio Trust, a company in which Mr Christopher Rogers is a director and shareholder provided the Group with IT consultancy services during the year totalling \$ 104,760 (2016 \$ 63,600) of which \$ 10,000 was outstanding at year end.

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 \$ 70,000 (2016 \$ 15,000) of which \$ 5,833 was outstanding at year end.

There were no other transactions or loans made to key management personnel for the year ended 30 June 2017.

Service Agreements

Executive Director

Mr. Damian Arena, per a service agreement executed with the Company, is paid an annual remuneration package comprising a base salary of \$250,000 excluding superannuation and director fees of \$36,000 excluding superannuation. The agreement commenced on 1 March 2016 and is for a term of three years unless extended by both parties. The annual remuneration was reduced to all inclusive salary including directors fees of \$180,000 excluding superannuation on 1 October 2016 until the company achieves certain milestones. The Company may immediately terminate the agreement by giving written notice with Mr. Arena being entitled to receive the salary payable to the date of termination.

Non-Executive Director

The Non-Executive Directors are paid an annual director’s 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.

A handwritten signature in black ink, appearing to read 'Damian Arena', with a large, stylized loop at the end.

Damian Arena
Managing Director
28 September 2017

Consolidated Statement of Profit or Loss & Other Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Sales		111,137	35,284
Interest received		2,370	1,074
Research and development tax offset income		254,725	-
Total Revenue		368,232	36,358
Administrative and Public Company expenses		(135,488)	(40,781)
Accounting and audit fees		(67,532)	(6,465)
Professional fees		(42,817)	(32,989)
Consultants and Directors Fees		(390,762)	(481,302)
Employee costs		(1,130,146)	(282,438)
Depreciation of plant and equipment		(7,067)	-
Impairment of fixed assets		(40,504)	-
Share based payment	4	-	(2,184,921)
Finance costs	5	(4,440)	(879,014)
Loss on acquisition of subsidiary	29	-	(43,990)
Impairment of loan		(16,613)	-
Other Expenses	6	(397,841)	(159,122)
Loss before income tax		(1,864,978)	(4,074,664)
Income tax expense	7	-	-
Loss after tax		(1,864,978)	(4,074,664)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,864,978)	(4,074,664)
Basic and diluted loss per share (cents per share)	20	(0.56)	(2.32)

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 2017*

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	8	193,077	3,035,739
Trade and other receivables	9	77,270	165,084
TOTAL CURRENT ASSETS		270,347	3,200,823
NON-CURRENT ASSETS			
Plant and equipment	10	22,030	5,874
Trade and other receivables	9	7,500	7,500
Other intangible assets	11	20,800	-
TOTAL NON-CURRENT ASSETS		50,330	13,374
TOTAL ASSETS		320,677	3,214,197
CURRENT LIABILITIES			
Trade and other payables	12	242,825	1,262,710
Provisions	13	37,241	-
Financial liabilities – convertible notes	14	-	60,000
Borrowings	15	16,810	-
TOTAL CURRENT LIABILITIES		296,876	1,322,710
NON-CURRENT LIABILITIES			
Borrowings	15	44,919	-
TOTAL NON-CURRENT LIABILITIES		44,919	-
TOTAL LIABILITIES		341,795	1,322,710
NET (LIABILITIES) / ASSETS		(21,118)	1,891,487
EQUITY			
Issued capital	16	5,228,837	5,276,464
Reserves	17	689,687	689,687
Accumulated losses	18	(5,939,642)	(4,074,664)
TOTAL (DEFICIENCY) / EQUITY		(21,118)	1,891,487

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 2017

Note	Note	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016		5,276,464	689,687	(4,074,664)	1,891,487
Loss for the year		-	-	(1,864,978)	(1,864,978)
Comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(1,864,978)	(1,864,978)
<i>Transactions with owners in their capacity as owners</i>					
Shares issued on exercise of options	16	206	-	-	206
Transaction costs relating to issue of shares	16	(47,833)	-	-	(47,833)
Balance as at 30 June 2017		5,228,837	689,687	(5,939,642)	(21,118)
Balance at 1 July 2015		-	-	-	-
Loss for the year		-	-	(4,074,664)	(4,074,664)
Comprehensive income		-	-	-	-
Total comprehensive Income for the year		-	-	(4,074,664)	(4,074,664)
<i>Transactions with owners in their capacity as owners</i>					
Shares issued to acquire subsidiary		1,124	-	-	1,124
Shares issued under Prospectus	16	3,060,000	-	-	3,060,000
Shares issued to vendors	16	1,945,933	-	-	1,945,933
Shares issued to convertible noteholders	16	1,250,000	-	-	1,250,000
Options issued to convertible noteholders	28(c)	-	379,014	-	379,014
Options issued to broker	28(d)	-	310,673	-	310,673
Transaction costs relating to issue of shares	16	(980,593)	-	-	(980,593)
Balance as at 30 June 2016		5,276,464	689,687	(4,074,664)	1,891,487

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 2017*

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received and other income		2,917	1,074
Receipts from customers		113,304	62,401
Research and development tax offset income		254,725	-
Interest paid		(4,484)	-
Payments to suppliers and employees		(2,424,190)	(741,457)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	(2,057,728)	(740,383)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from convertible notes		-	810,000
Cash acquired from acquisition of subsidiary		-	9,216
Cash lost in deconsolidation		-	(1,238)
Website costs capitalized		(20,800)	-
Payment of refundable security deposit		(43,949)	-
Acquisition of property and equipment		(63,727)	(5,691)
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		(128,476)	812,287
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		110,000	3,012,163
Proceeds from option conversion		206	-
Proceeds from leasing		73,379	-
Oversubscriptions returned		(68,010)	-
Settlement of convertible note		(60,000)	-
Share issue costs		(700,382)	(48,328)
Lease repayments		(11,651)	-
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		(656,458)	2,963,835
Net (decrease)/increase in cash and cash equivalents		(2,842,662)	3,035,739
Cash and cash equivalents at beginning of year		3,035,739	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	193,077	3,035,739

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 30 June 2017

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 2017. IODM 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 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 28 September 2017.

(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) Reverse Acquisition

On 29 June 2016 IODM Limited (formerly Paradigm Metals Limited) completed the acquisition of The Debtor Management Hub Pty Ltd (formerly IODM Pty Ltd). Under the Australian Accounting Standards The Debtor Management Hub Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which The Debtor Management Hub Pty Ltd acquires the net assets and listing status of IODM Limited.

Accordingly the consolidated financial statements of IODM Limited have been prepared as a continuation of the business and operations of The Debtor Management Hub Pty Ltd. As the deemed acquirer, The Debtor Management Hub Pty Ltd has accounted for the acquisition of IODM Limited from 29 June 2016.

The implications of the acquisition by The Debtor Management Hub Pty Ltd on the financial statements are as follows:

a) Statement of Profit or Loss and Other Comprehensive Income

- The Statement of profit or loss and other comprehensive income comprises the total comprehensive income of The Debtor Management Hub Pty Ltd for the year ended 30 June 2016

b) Statement of Financial Position

- The Statement of financial position as at 30 June 2016 represents the combination of IODM Group.

c) Statement of Changes in Equity

- The Statement of changes in equity comprises:
 - The equity balance of The Debtor Management Hub Pty Ltd as at the beginning of the financial year (1 July 2015).
 - The total comprehensive income for the financial year and transactions with equity holders, being 12 months from The Debtor Management Hub Pty Ltd for the period ended 30 June 2016 and the period from 29 June 2016 until 30 June 2016 for IODM Group.
 - The equity balance of the combined The Debtor Management Hub Pty Ltd and IODM Limited at the end of the financial year (30 June 2016).

- The Statement of changes in equity comparatives comprises the full financial year for The Debtor Management Hub Pty Ltd for the 12 months ended 30 June 2016.

d) Statement of Cash Flows

- The Statement of cash flows comprises:
 - The cash balance of The Debtor Management Hub Pty Ltd at the beginning of the financial year (1 July 2015).
 - The transactions for the financial year for the 12 months from The Debtor Management Hub Pty Ltd for the year ended 30 June 2016 and the period from 29 June 2016 until 30 June 2016 for IODM Limited.
 - The cash balance of the combined The Debtor Management Hub Pty Ltd and IODM Limited the end of the year (30 June 2016).

e) Equity Structure

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of IODM Limited and The Debtor Management Hub Pty Ltd.

f) Earnings Per Share

The weighted average number of shares outstanding for the year ended 30 June 2017 is based on the weighted average number of shares of IODM Limited outstanding in the period following the acquisition.

(d) 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 2017 of \$1,864,978 and experienced net cash outflows from operating activities of \$ 2,078,528. At 30 June 2017, the Group had a net current asset position of (\$26,529). The cash and cash equivalents balance as at 26 September 2017 was \$931,795.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate for the following reasons;

- On 8 August 2017 the Group announced a non-renounceable pro-rata entitlement offer to raise approximately \$1,000,000 before capital raising expenses. This offer was partially underwritten to the amount of \$700,000 by Domain Capital Pty Ltd. Total funds raised from the entitlement offer and the underwriting were \$752,753.
- 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.
- In August 2017 the Group was approved for Research and Development Tax Incentive claim with Ausindustry and anticipates receiving a tax refund of approximately \$429,550 for the year ended 30th June 2017. The Group secured a short term loan facility of \$343,000 secured against this incentive on 9 August 2017.
- 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.

Based on the above, the directors are confident that the Group will continue as a going concern, and it is appropriate to adopt that basis of accounting in this financial report.

(e) 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 23 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 2017 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 entity. 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.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more business. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounting for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

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

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

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

(f) New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2017 and no change to the Group's accounting policy is required.

Is this required

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2011-7 to reflect amendments to the accounting for financial liabilities.	The entity is currently determining the impact of AASB9 ahead of mandatory implementation.	1 July 2018

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2011-7 and 2011-10.</p>		
AASB 15	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The entity is currently determining the impact of AASB15 ahead of mandatory implementation.	1 July 2018
AASB 16	Leases	<p>IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases</p>	The entity is currently determining the impact of AASB16 ahead of mandatory implementation.	1 July 2019

The Group has not elected to early adopt any new Standards or Interpretations.

(g) 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.

Sales of Goods

IODM provides access to cloud-based software through a monthly subscription. Revenue is recognized at the point subscriptions are paid. All revenue is stated net of Goods and Services tax (GST).

Research and Development Tax Offset Income

Research and Development Tax Offset 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.

(h) 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').

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 Black Scholes formula 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 profit and loss and other comprehensive income charge or credit 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 20).

(i) 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.

(j) Impairment of non-financial assets other than goodwill

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.

The Group has not recognized any amortization for the website at the reporting date as the website was only operational in late June 2017.

(k) 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.

(l) Trade and other receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit and loss and other comprehensive income.

(m) 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.

(n) 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.

(o) 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.

(p) 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. The unwinding of the discount on the present value of future cash flows associated with deferred consideration and earn-out provisions is recognised as finance costs.

(q) 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.

(r) 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.

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. During the year Website was reconstructed and went on live from late June 2017. Hence no amortization expenses have been recognised.

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.

(s) 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. 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.

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.

(t) 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.

(u) 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 30 June 2017

- 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.

4. Reverse Acquisition Accounting

On 29 June 2016, IODM Limited (formerly Paradigm Metals Limited) completed the acquisition of The Debtor Management Hub Pty Ltd. Under the Australian Accounting Standards The Debtor Management Hub Pty Ltd was deemed to be the accounting acquirer in this transaction.

The acquisition has been accounted for as a share based payment by which The Debtor Management Hub Pty Ltd acquires the net assets and listing status of IODM Limited.

(a) Deemed Consideration

The purchase consideration was the issue of 175,000,000 shares in IODM Limited (legal parent) to the shareholders of The Debtor Management Hub Pty Ltd deemed to have a value of \$1,945,933.

IODM Limited also issued a total of 82,500,000 Performance Shares to the shareholders of The Debtor Management Hub Pty Ltd (including 7,500,000 Performance Shares to Mr. Mark Reilly who is not a vendor) which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date. No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the performance milestones which are based on future events.

(b) Deemed IODM Limited Share Capital

	\$
Historical issued capital balance 29 June 2016	13,925,759
Elimination of IODM Limited issued capital	(13,925,759)
Deemed consideration on acquisition (note 4 (a))	1,945,933
Total IODM Limited Share Capital on Completion	<u>1,945,933</u>

(c) IODM Limited Reserves

	\$
Historical reserves balance at 29 June 2016	110,338
Elimination of IODM Limited reserves	(110,338)
Total IODM Limited reserves on Completion	<u>-</u>

(d) IODM Limited Accumulated Losses Pre-Completion

	\$
IODM Limited accumulated losses at acquisition date	14,275,085
Elimination of IODM Limited accumulate losses	(14,275,085)
Total IODM Limited accumulated losses on Completion	<u>-</u>

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(e) Assets and Liabilities Acquired

	\$
Cash and cash equivalents	9,216
Trade and other receivables	14,791
Other assets	11,797
Total assets	<u>35,804</u>
Trade and other payables	<u>274,792</u>
Total liabilities	<u>274,792</u>
Net liabilities	<u>238,988</u>

(f) Listing Expense

	\$
Deemed consideration	1,945,933
Add: Net liabilities of IODM Limited	238,988
Total IODM Limited listing expense	<u>2,184,921</u>

	2017	2016
	\$	\$
5. Finance costs		
Finance costs for the reporting periods consist of the following		
Interest expense for finance lease arrangement	1,939	-
Other	2,501	-
Finance cost on settlement of shares (refer Note 26(c))	-	879,014
	<u>4,440</u>	<u>879,014</u>
6. Other Expenses		
Advertising and promotion	125,298	31,259
Commission	6,381	-
Conferences and seminars	23,506	34,264
Entertainment	6,832	2,369
General expenses	4,456	-
Insurance	19,392	3,984
Maintenance expense	-	15,924
Rent and outgoings	68,139	17,103
Travel and accommodation	39,572	25,674
Superannuation	102,696	26,832
Website	1,569	1,713
Total other expenses	<u>397,841</u>	<u>159,122</u>

	2017	2016
	\$	\$
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	(1,864,978)	(4,074,664)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2016: 30%)	(512,869)	(1,222,399)
Consolidated Entity		
R & D tax refund 2016	(70,049)	-
Expense of share based payments	-	655,476
Non-deductible expenses	6,096	711
R&D Expenditure 2017	271,555	-
Income tax benefit not brought to account	305,267	566,212
Income tax attributable to the entity	-	-

The Group has accumulated tax losses as of 30 June 2017 amounting to \$17,546,662 (2016: 16,304,567). The Group has not recognised a deferred 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.

As at 30 June 2017 there were no franking credits available for subsequent financial years.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
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	(1,864,976)	(4,074,664)
Non-cash items		
Creditors settled for equity	-	879,014
Share based payments	-	2,184,921
Depreciation	7,067	-
Capital assets write off	40,504	-
Other	2,714	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	86,481	(97,141)
Decrease/(increase) in prepayments	(5,270)	-
(Decrease)/ increase in trade creditors	(311,796)	367,487
(Decrease)/ increase on other creditors	(49,693)	-
(Decrease)/ increase in employee provisions	37,241	-
Net cash outflow from operating activities	(2,057,728)	(740,383)
Reconciliation of cash		
Cash balance comprises:		
Cash at bank	193,077	3,035,739
	193,077	3,035,739
9. Trade and other receivables		
Current		
Trade receivables	14,633	-
GST receivable	4,151	90,634
Prepayments	15,084	9,814
Other receivables	43,402	64,636
	77,270	165,084
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 24.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017 \$	2016 \$
10. Plant and Equipment		
Plant and equipment at cost	28,913	5,874
Accumulated depreciation	(6,883)	-
Total plant and equipment	22,030	5,874
<i>Movement in carrying amounts:</i>		
Balance at beginning of the year	5,874	-
Additions	63,727	5,874
Capital assets expensed	(40,504)	-
Depreciation	(7,067)	-
Total plant and equipment	22,030	5,874
11. Intangible Assets		
Website	20,800	-
Total	20,800	-
12. Trade and other payables		
Trade creditors	79,153	1,010,209
Accruals	34,775	85,833
Employee benefits payable	44,887	91,705
Other payables	84,010	74,963
	242,825	1,262,710
13. Provisions		
Employee Benefits	37,241	-
Total	37,241	-
14. Financial liabilities – Convertible notes		
Convertible notes and accrued interest	-	60,000
	-	60,000
<i>Movement in carrying amounts:</i>		
Balance at beginning of the year	60,000	-
Issue of convertible notes	-	810,000
Settlement of convertible notes	(60,000)	(750,000)
Total financial liabilities	-	60,000

Key terms of the \$60,000 convertible note settled on 22 August, 2016:

- Maturity date: 15 September 2016
- Total limit: \$60,000
- Interest rate: Reserve Bank of Australia Cash Rate plus 6% pa paid quarterly.
- Security: Unsecured

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Key terms of the \$750,000 convertible notes settled on 29 June 2016 through the issue of shares and options (note 28(c)):

- Maturity date: 31 December 2017
- Total limit: \$1,000,000
- Interest rate: 12% pa payable monthly in arrears, subsequently agreed to forego interest on settlement
- Security: Secured by a charge over the assets of the Company

2017 **2016**
\$ **\$**

15. Borrowings

Secured

Finance Leases

Current	16,810	-
Non Current	44,919	-

16. Issued capital

(a) Issued and paid up capital

Ordinary shares fully paid	<u>5,228,837</u>	<u>5,276,464</u>
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	2017		2016	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	331,510,670	5,276,464	-	-
Issue of seed capital	-	-	112,353	1,124
IODM Limited shares on issue at acquisition date	-	-	48,648,317	-
Shares issued under Prospectus	-	-	76,500,000	3,060,000
Shares issued to vendors	-	-	175,000,000	1,945,933
Shares issued to convertible noteholders	-	-	31,250,000	1,250,000
Shares issued on exercise of options	5,137	206	-	-
Transaction costs on share issues	-	(47,833)	-	(980,593)
	<u>331,515,807</u>	<u>5,228,837</u>	<u>331,510,670</u>	<u>5,276,464</u>

(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

As at the date of this report, there are 27,625,002 unissued ordinary shares under options (27,625,002 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date	Details
12,000,000	\$0.04	31/03/2019	Options issued to broker
15,625,002	\$0.05	31/03/2019	Options issued to convertible noteholders

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the year, 5,139 of options with an exercise price of 0.04 and expiry of 31 December 2016 were exercised.

On 31 December 2016 24,538,342 unlisted options with an exercise price of 0.04 expired unexercised.

(e) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2017, the Group has net liabilities of \$21,118 (2016: net assets of \$1,891,487). 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 24 for further information on the Group's financial risk management policies.

	2017	2016
	\$	\$
17. Reserves		
Share based payments reserve	689,687	689,687
Total	689,687	689,687

Movements in Reserves:

Share based payment reserve

At beginning of the period	689,687	-
Options issued to convertible noteholders	-	379,014
Options issued to broker	-	310,673
Balance at the end of the year	689,687	689,687

The share based payment reserve is used to record the value of equity benefits provided to convertible noteholders and the Company's broker during the year.

18. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance	4,074,664	-
Loss for the year	1,864,978	4,074,664
Balance at the end of the year	5,939,642	4,074,664

19. Subsequent events

On 8 August 2017 the Group announced it was undertaking a pro-rata non-renounceable issue of 3 fully paid ordinary shares (share) for each 8 shares held at an issue price of \$0.008 per new share to raise up to approximately \$1,000,000. (Rights Issue). The rights issue was partially underwritten by Domain Capital to the amount of \$700,000. The Rights Issue closed on 8 September 2017 and the Group received valid entitlement issue acceptances for 4,290,376 shares and shortfall offer applications for 1,346,687 shares resulting in a total of 5,637,063 new shares. Total funds raised from the issue of new securities was \$45,097 before costs. As part of the underwriting agreement with Domain Capital Pty Ltd a further 88,459,033 underwritten securities were issued on 25 September 2017 to the underwriter and sub-underwrites in accordance with the terms of the underwriting agreement for a total subscription price of \$707,656. Mr Mark Reilly is a shareholder and director of Domain Capital Pty Ltd

IODM Limited**Notes to the Consolidated Financial Statements for the year ended 30 June 2017**

	2017	2016
	\$	\$
20. Loss per share		
Loss used in calculating basic and dilutive EPS	(1,864,978)	(4,074,664)
	Number of Shares	
	2017	2016
Weighted average number of ordinary shares used in calculating basic loss per share:	331,513,486	175,433,192
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	331,513,486	175,443,192

	2017	2016
	\$	\$
21. Auditors remuneration		
The auditor of IODM Limited is BDO East Coast Partnership (prior year BDO Audit (WA) Pty Ltd)		
Amounts received or due and receivable to BDO East Coast Partnership (prior year BDO Audit (WA) Pty Ltd) for:		
- an audit or review of the financial report	32,547	26,222
- non-audit related services – preparation of Investigating Accountant's Report	-	9,690
	32,547	35,612

22. Related party transactions

The Group's related parties include its associates 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.

22.1 Transactions with associates

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

Rogers IODM Portfolio Trust, a company in which Mr Christopher Rogers is a director and shareholder provided the Group with IT consultancy services during the year totalling \$ 104,760 (2016 \$ 63,600) of which \$ 10,000 was outstanding at year end.

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 \$ 70,000 (2016 \$ 15,000) of which \$ 5,833 was outstanding at year end.

There were no other transactions or loans made to key management personnel for the year ended 30 June 2017.

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

22.2 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:

	2017	2016
	\$	\$
Short term employee benefits		
- salaries	280,832	208,000
- company car allowance	11,668	-
- directors fees	139,000	74,833
- consulting fees	104,760	63,600
Total short term employee benefits		
Post-employment benefits	51,722	-
Termination payments	91,500	-
Total remuneration	679,482	346,433

23. Related party disclosures

(a) 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	
		2017	2016
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%

24. 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:

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	193,077	3,035,739
Trade and other receivables	84,770	172,584
Financial Liabilities		
Trade and other payables	242,825	1,322,710
Finance Leases	61,729	-

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 30 June 2017

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 - 2017	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	-	79,153	-		79,153
Other payables	-	163,672	-		163,672
<i>Interest bearing</i>					
Equipment Finance	7%	16,810	16,810	28,109	61,729
Total Non-derivatives		259,635	16,810	28,109	304,554

Consolidated - 2016	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	-	1,010,209	-		1,010,209
Other payables	-	252,501	-		252,501
<i>Interest bearing</i>					
Convertible Notes	6%	60,000	-	-	60,000
Total Non-derivatives		1,322,710	-	-	1,322,710

(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 and term deposits. The Group manages the risk by investing in short term deposits.

IODM Limited**Notes to the Consolidated Financial Statements for the year ended 30 June 2017**

	2017 \$	2016 \$
Cash and cash equivalents	193,077	3,035,739

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 retained earnings (\$) Increase/(Decrease)	
	2017	2016	2017	2016
Increase 100 basis points	1,931	30,357	1,931	30,357
Decrease 100 basis points	(1,931)	(30,357)	(1,931)	(30,357)

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. This would represent two to four movements by the Reserve Bank of Australia.

(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.

At 30 June 2017, 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 2017 (2016: nil).

(d) Fair Value Measurement

There were no financial assets or liabilities at 30 June 2017 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.

25. Contingent liabilities

There are no known contingent liabilities as at 30 June 2017 (2016: nil).

26. 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 2017	67,260	246,780	314,040
30 June 2016	-	-	-

Finance Leases

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

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Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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

	2017 \$		2016 \$	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Within one year	16,810		-	
After one year but not more than five years	44,919		-	
Total minimum lease payments	61,729	-		-
Less amounts representing finance charges		10,333		-
Present value of minimum lease payments		51,396		-

27. 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 2017.

The balance of the franking account is nil at 30 June 2017 (2016: nil).

28. Share Based Payments

(a) Recognised share based payment transactions

Share based payment transactions recognised as operation expenses in the statement of profit or loss and other comprehensive income or on the statement of financial position during the year were as follows:

	2017 \$	2016 \$
<i>Acquisition of subsidiaries</i>		
Shares issued to vendors of The Debtor Management Hub Pty Ltd (refer to notes 4 and 28(b))	-	2,184,921
Shares issued to vendors of The Innovative Online Debt Management Trust (refer to notes 29 and 28(b))	-	1,124
	-	2,186,045
<i>Convertible noteholders</i>		
Share based payments to convertible noteholders, capitalised against convertible note liability (notes 29 and 28(c))	-	379,014
<i>Share issue costs</i>		
Share based payments to capitalised as share issue costs (notes 16 and 28(d))	-	310,673

(b) Acquisition of Subsidiaries

Share based payments to vendors of The Debtor Management Hub Pty Ltd

On 29 June 2016, IODM Limited (formerly Paradigm Metals Limited) completed the acquisition of The Debtor Management Hub Pty Ltd. Under the Australian Accounting Standards The Debtor Management Hub Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a shares based payment by which The Debtor Management Hub Pty Ltd acquires the net assets and listing status of IODM Limited. Refer to note 4 for further detail.

The purchase consideration was the issue of 175,000,000 shares in IODM Limited (legal parent) to the shareholders of The Debtor Management Hub Pty Ltd deemed to have a value of \$1,945,933. Of the 175,000,000 shares in IODM Limited issued to shareholders of The Debtor Management Hub Pty Ltd, 63,161,865 were issued to Mr. Damian Arena, 17,491,745 were issued to Mr. Michael Bugelly and 1,749,174 were issued to Mr. Earle Harper.

IODM Limited also issued a total of 82,500,000 Performance Shares to the shareholders of The Debtor Management Hub Pty Ltd (including 7,500,000 Performance Shares to Mr. Mark Reilly who is not a vendor) which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date.

The terms of the Performance Shares are as follows:

- Each **Class A Performance Share** will convert in to one fully paid ordinary share by IODM executing a distribution agreement with the institute of Public Accountants ("IPA") (www.publicaccountants.org.au) for IODM to have its product and service distributed via the IPA network of members, commercial terms must be negotiated with a royalty stream back to the IPA or IODM satisfying the relevant Class D Performance Shares milestone;
- Each **Class B Performance Share** will convert in to one fully paid ordinary share by having an integration partner where IODM is incorporated into a third party service via an application process interface ("API") and the IODM system is distributed through this third party integration platform ("Platform"); and executing one distribution agreement (of a commercial scale) ("Distribution Agreement") where its Platform is used outside of Australia ("International Market") or IODM satisfying the relevant Class D Performance Shares milestone;
- Each **Class C Performance Share** will convert in to one fully paid ordinary share by IODM being on the Platform and executing a Distribution Agreement with either a bank where the Platform is used with the banks pre-existing platform; or a major tier 1 accounting/consulting firm where the Platform is used with the accounting/consulting firms existing platform; or IODM satisfying the relevant Class D Performance Shares milestone;
- Each **Class D Performance Share** will convert in to one fully paid ordinary share by IODM attaining one of the following: 6,000 paying users; or quarterly revenue of \$1.5 million from subscriptions; or annualised EBIT of \$1.5 million attributed to the IODM business;
- Each **Class E Performance Share** will convert in to one fully paid ordinary share by IODM being on the Platform and executing a Distribution Agreement where its services are distributed in at least two International Markets e.g UK, USA, NZ, Asia; or IODM satisfying the Class G performance Shares milestone;
- Each **Class F Performance Share** will convert in to one fully paid ordinary share by IODM being on the Platform and executing a Distribution Agreement with a bank where the Platform is used with the banks pre-existing platform; and a major tier 1 accounting/consulting firm where the Platform is used with the accounting/consulting firms existing platform; or IODM satisfying the Class G Performance Share milestone;
- Each **Class G Performance Share** will convert in to one fully paid ordinary share by IODM attaining of the following 12,000 paying users; or quarterly revenue of \$3 million from subscriptions; or annualised EBIT of \$6 million attributed to the IODM business.

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Notes to the Consolidated Financial Statements for the year ended 30 June 2017

The fair value of the Performance Shares was determined to be nil at the time of issue given Management's assessment of the likelihood of the conversion milestones as detailed above being met. As at 30 June 2017 the conditions of Class A, B and C Performance Class Shares have been met but the shares have not been converted to ordinary shares.

Share based payments to vendors of The Innovative Online Debt Management Trust

During the previous financial year 112,353 shares were issued to vendors of The Innovative Online Debt Management Trust. The fair value of the shares was deemed to be \$1,124. Refer to note 29 for further detail.

(c) Share based payments to convertible noteholders

On 29 June 2016, holders of convertible notes in The Debtor Management Hub Pty Ltd were issued 31,250,000 fully paid ordinary shares and 15,625,002 options in full satisfaction of the amount loaned to the Debtor Management Hub Pty Ltd under the convertible notes, being \$750,000.

The fully paid ordinary shares were valued at \$1,250,000 being \$0.04 per share, the price at which shares were issued under the Prospectus dated 1 April 2016. The fair value at grant date of options granted was determined to be \$379,014 using the Black Scholes option pricing model 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 noteholders:

Grant Date	Expiry date	Exercise price	Granted during 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	\$0.05	-	-	-	15,625,002	15,625,002
Weighted remaining contractual life (years)			-	-	-	1.8	1.8
Weighted average exercise price			-	-	-	\$0.05	\$0.05

The model inputs, not included in the table above, for above options granted during the year ended 30 June 2016 included:

- (a) options are granted for no consideration;
- (b) share price per Prospectus dated 1 April 2016 was \$0.04;
- (c) expected volatility of 110%;
- (d) expected dividend yield of nil; and
- (e) a risk free interest rate of 1.75%.

The total value of the shares and options issued in full satisfaction of the amount loaned to the Debtor Management Hub Pty Ltd under the convertible notes, being \$750,000, was \$1,629,014 resulting in IODM Limited incurring finance costs of \$879,014 on settlement.

(d) Share based payment to broker

On 29 June 2016, IODM Limited issued 12,000,000 options as the facilitation fee payables in respect of the acquisition of The Debtor Management Hub Pty Ltd.

The fair value at grant date of options granted was determined to be \$310,673 using the Black Scholes option pricing model 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 noteholders:

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Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Grant Date	Expiry date	Exercise price	Granted during 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	12,000,000
Weighted remaining contractual life (years)			-	-	-	1.8	1.8
Weighted average exercise price			-	-	-	\$0.04	\$0.04

The model inputs, not included in the table above, for above options granted during the year ended 30 June 2016 included:

- (f) options are granted for no consideration;
- (g) share price per Prospectus dated 1 April 2016 was \$0.04;
- (h) expected volatility of 110%;
- (i) expected dividend yield of nil; and
- (j) a risk free interest rate of 1.75%.

29. Acquisition of Assets

Acquisition – The Innovative Online Debt Management Trust in the current period

During the 2016 financial year, the Group acquired 100% of the voting shares of The Innovative Online Debt Management Trust ('IODM Trust').

The total cost of the acquisition was the issue of \$1,124 fully paid ordinary shares in The Debtor Management Hub Pty Ltd. The Company issued securities as described in note 28(b). It is considered that the acquisition of IODM Trust is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of IODM Trust as at the date of acquisition are:

	Recognised on acquisition \$
Cash and cash equivalents	485
Trade and other receivables	3,520
Trade and other payables	(36,871)
Borrowings	(10,000)
Fair value of identifiable net assets	(42,866)
<u>Cost of the acquisition:</u>	
Securities issued, at fair value	1,124
Total cost of the acquisition	1,124
Loss recognised on acquisition of subsidiary	(43,990)
Total	(42,866)

IODM Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

30. Parent entity information

The following details information related to the legal parent entity, IODM Limited (formerly Paradigm Metals Limited), at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2017 \$	2016 \$
Current assets	270,177	3,139,874
Non-current assets	42,830	184
Total assets	313,007	3,140,057
Current liabilities	296,876	920,519
Non-current liabilities	308,437	343,912
Total liabilities	605,313	1,264,431
Net assets	(292,306)	1,875,626
Issued capital	17,283,508	17,331,136
Reserves	793,095	793,095
Accumulated losses	(18,368,909)	(16,248,605)
Total equity	(292,306)	1,875,626
Loss of the parent entity	(2,120,299)	(1,824,915)
Total comprehensive income of the parent entity	(2,120,299)	(1,824,915)

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 2017 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

A handwritten signature in black ink, appearing to read 'Damian Arena', with a large, stylized circular flourish on the left side.

Damian Arena
Managing Director
28 September 2017

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

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

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

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



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 28 September 2017

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 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year 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.

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. This matter was 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 this matter.

Going Concern

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The company has incurred losses and negative operating cash flows, and at 30 June 2017 was in a net liability position. In note 2(d) “Going Concern” of the financial report, the Directors have documented their considerations regarding their conclusion that the going concern basis is the appropriate basis of accounting.</p> <p>Our assessment of the going concern basis was considered a key audit matter due to the judgements and assumptions made by the Directors. The ability of the Group to continue as a going concern is supported by the cash flow forecasts prepared by the Directors. These forecasts include the Directors’ assumptions regarding the timing of future cash flows, operating results and capital raising activities which are by their nature uncertain.</p>	<p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Reviewing cash-flow forecasts and challenging management’s assumptions around future sales, including considering post balance date performance and opportunities in the pipeline; • Applying sensitivities to future cash flows to assess the impact of forecast sales not being achieved; • Vouching the receipt of funds from the underwritten rights issue which closed on 8 September 2017 raising \$0.7 million before costs; and • Assessing the adequacy of the Group’s disclosures within the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in director’s report and Corporate Governance Statement for the year ended 30 June 2017, but does not include the financial report and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the Annual report, which is expected to be made available to us after that date.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 at:

http://www.auasb.gov.au/auditors_files/ar2.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 10 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of IODM Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO East Coast Partnership

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

James Mooney
Partner

Melbourne, 28 September 2017

IODM Limited – Corporate Governance Statement

This statement has been approved by the Board. It is current as at 30 September 2017.

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.

IODM Limited – Corporate Governance Statement

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	25%
Women in senior executive positions	1	13%
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 eleven times during the financial year. Director's attendances are set out on page **7** of the 2017 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
Mr. Damian Arena	15 months
Mr. Mark Reilly	23 months
Dr. Paul Kasian	13 months
Mr. Christopher Rogers	9 months

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

The Group does not 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 2017, the Board comprised two non-executive Directors, one executive Director and one Managing 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

IODM Limited – Corporate Governance Statement

particular, should not be the same person as the CEO of the entity.

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, Mark Reilly 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.

IODM's Code of Conduct is available on IODM's website.

Principle 4: Safeguard integrity in corporate reporting

IODM Limited – Corporate Governance Statement

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 2015 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

IODM Limited – Corporate Governance Statement

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 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 Limited – Corporate Governance Statement

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;
- 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 Automic Share Registry Services Pty Ltd. 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 Automic Share Registry InvestorOnline Login or by emailing info@automic.com.

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.*

IODM Limited – Corporate Governance Statement

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.

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*

IODM Limited – Corporate Governance Statement

- 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.*

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 scheme.

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 25 September 2017.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	137	25,455
1,001 - 5,000	61	173,612
5,001 - 10,000	31	244,931
10,001 - 100,000	280	12,800,747
100,001 - and over	219	412,252,805
TOTAL	728	425,497,550

Substantial Shareholders

Holder	Shares	% of Issued Capital
Arena IODM Portfolio Trust	63,911,865	15.20
Rogers IODM Portfolio Trust	60,232,142	14.10
Yongala Investments	26,250,000	6.17
Everflow Technologies Inc	22,877,894	5.38
Styletown Investments Pty Ltd	21,808,750	5.13

Voting Rights

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

ASX Additional Information

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;

Automic Registry Services Pty Ltd, Level 1, 7 Ventnor Ave, West Perth WA 6005, Telephone +61 (08) 9324 2099.
4. **Securities Exchange Listing**

Quotation has been granted for 425,497,550 ordinary shares on all member exchanges of the Australian Securities Exchange Limited ("ASX") and trade under the symbol 'IOD'.
5. There are 82,402,784 unquoted ordinary shares at the date of this report.
6. Detailed schedules of exploration and mining tenements held are included on page 52.
7. Directors' interests in share capital are disclosed in the Directors' Report.
8. There are 27,625,002 unlisted options at the date of this report.
9. There is currently no on-market buy-back in place.
10. 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.

ASX Additional Information

Top Twenty Share Holders

Position	Holder Name	Holding	% IC
1	ARENA IODM PORFOLIO TRUST	63,911,865	15.02%
2	ROGERS IODM PORFOLIO TRUST	60,282,143	14.17%
3	YONGALA INVESTMENTS	26,250,000	6.17%
4	EVERFLOW TECHNOLOGIES INC	22,877,894	5.38%
5	MARK REILLY	21,808,750	5.13%
6	THE RUFUS PARTNERSHIP (VIC) PTY LTD	17,491,745	4.11%
7	CITICORP NOMINEES PTY LIMITED	15,130,578	3.56%
8	STARWAY CORPORATION PTY LTD <GILES SUPER FUND A/C>	13,795,587	3.24%
9	GEMSTAR INVESTMENTS LIMITED	13,376,666	3.14%
10	BENKERT HOLDINGS 2 LIMITED	10,523,658	2.47%
11	HAY STREET PROPERTY PTY LTD <HAY STREET PROPERTY A/C>	8,933,375	2.10%
12	KALIN CONSULTING PTY LTD <KAYLIA FAMILY A/C>	7,787,954	1.83%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,556,089	1.31%
14	LOUISE WEAVING	5,550,000	1.30%
15	MS BYAMBAA ZOLZAYA	5,372,069	1.26%
16	ISAR HOLDINGS PTY LTD <THE JONINA FAMILY A/C>	5,000,000	1.18%
17	BOUCHI PTY LTD	4,218,750	0.99%
18	CHRISTOPHER PHILLIPS	3,666,667	0.86%
19	FAT BARRACUDA NOMINEES PTY LTD <FAT BARRCUDAS SMSF A/C>	3,530,000	0.83%
20	MENTIPLAY PTY LTD <THE BUGG SUPER FUND A/C>	3,158,333	0.74%
	Total	318,222,123	74.79%

IODM Limited Tenement Table

Tenement	Project	Holder	Interest
EPM 18294	Four Mile Tank	Paradigm Queensland Pty Ltd	100%
EPM 19016	The Ladies	Paradigm Queensland Pty Ltd	100%
EPM25366	The Ladies	Paradigm Queensland Pty Ltd	100%