



# farmaforce

INNOVATIVE PHARMACEUTICAL SALES



## / REPLACEMENT PROSPECTUS

FARMAFORCE LIMITED ACN 167 748 843



**/ THIS DOCUMENT IS  
IMPORTANT AND SHOULD BE  
READ IN ITS ENTIRETY**

If you do not understand it you should consult your professional advisors without delay.

The securities offered by this Prospectus are of a speculative nature.

PROSPECTUS FOR THE ISSUE OF UP TO 20,000,000 SHARES AT AN ISSUE PRICE OF \$0.30 PER SHARE TO RAISE UP TO \$6,000,000 THE MINIMUM SUBSCRIPTION UNDER THE OFFER IS \$5,000,000

Lead Manager  
iQ3Corp Ltd (ABN 63 160 238 282)

Underwriter  
iQX Investment Services Pty Ltd (AFSL No 451144)

THIS PAGE IS LEFT BLANK INTENTIONALLY





## / DIRECTORS AND COMPANY SECRETARY

**MR GEORGE ELIAS** Non-Executive Chairman

**MR DANIEL MORATO** Executive Director

**MS STAMATIA TOLIA** Non-Executive Director

**MR CON TSIGOUNIS** Non-Executive Director

**MR KELVIN BOATENG** Company Secretary

## / REGISTERED OFFICE

FarmaForce Limited  
Level 3, 222 Clarence Street  
Sydney NSW 2000  
Tel: +61 2 8239 5400  
Fax: +61 2 8362 9547

## / INVESTIGATING ACCOUNTANT

Nexia Court Financial Solutions Pty Ltd  
Level 16, 1 Market Street  
Sydney NSW 2000  
Tel: +61 2 9251 4600  
Fax: +61 2 9251 7138

## / AUDITOR

Fortunity Assurance  
Erina Business Park, 155 The Entrance Road  
Erina NSW 2250  
Tel: +61 2 4304 8888  
Fax: +61 2 4304 8800

## / LEAD MANAGER

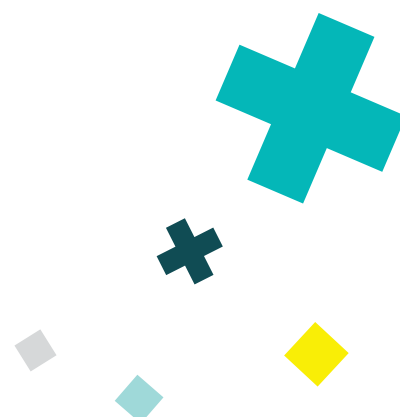
iQ3Corp Ltd  
Level 6, 222 Clarence Street  
Sydney NSW 2000  
Tel: +61 2 8239 5400  
Fax: +61 2 8362 9547

## / SHARE REGISTRY

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Tel: 1300 737 760  
Fax: +61 2 9279 0664

## / UNDERWRITER

iQX Investment Services Pty Ltd  
Level 3, 222 Clarence Street  
Sydney NSW 2000  
Tel: +61 2 8239 5400  
Fax: +61 2 8362 9547



THIS PAGE IS LEFT BLANK INTENTIONALLY





## / OFFER

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary Shares in FarmaForce Limited (ACN 167 748 843). This Prospectus is issued by FarmaForce Limited.

## / LODGEMENT

This Replacement Prospectus is dated 10 August 2015 and replaces a Prospectus dated and lodged with ASIC on 29 July 2015.

Neither ASX nor ASIC takes any responsibility for the contents of this Prospectus. The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company. The Directors of the Company reserve the right to close the Offer earlier than the timetable described in this Prospectus without prior notice, or vary any of the important dates set out in this Prospectus, including extending the Closing Date. No securities will be issued, allotted or traded on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## / NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. Before deciding to invest in the Shares offered for subscription under this Prospectus you should read the entire Prospectus and in particular consider the risk factors that could affect the financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (such as financial and taxation issues) and seek advice from your professional advisors before deciding whether or not to invest. An investment in the Company should be considered speculative in nature. This Prospectus is important and should be read in its entirety.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in the Prospectus. Any information that is not contained in the Prospectus may not be relied upon as having been authorised by the Company and its Directors. If you require an explanation of the contents of the Prospectus, you should consult a professional advisor.

## / JURISDICTION

This Prospectus and the enclosed Application Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States unless the Shares have been registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws is available.

It is the responsibility of non-Australian resident investors to obtain all necessary approvals for applying for Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals necessary in the jurisdiction in which the Applicant resides have been obtained.



## / EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications in the seven day period following the date of lodgement of the Prospectus with ASIC. ASIC may extend this period for a further seven days. The period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Any Applications received during the exposure period will not be processed until after the end of that period. No preference will be given to Applications received during the exposure period.

## / DEFINITIONS AND INTERPRETATIONS

Throughout this Prospectus abbreviations and defined terms are used and all financial amounts are expressed in Australian Dollars ("A\$") unless otherwise stated.

Photographs in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams in this Prospectus are for illustrative purposes only and may not be drawn to scale.

## / COPIES OF PROSPECTUS

You can request a copy of the Prospectus free of charge by submitting a request on the Company's website: [www.FarmaForce.com.au](http://www.FarmaForce.com.au) or contacting the Company (contact details are set out in the Corporate Directory on the inside front cover of this Prospectus).

Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered soft copy of this Prospectus.

## / LISTING

Application will be made within seven days of the date of this Prospectus for the Company's Shares to be admitted to the Official List of the ASX. The fact that the ASX may list the Company's Shares is not to be taken in any way as an indication of the merits of the Company or the Shares. The ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

## / FORWARD-LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward-looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein. Such forward-looking statements are not a guarantee of future performance.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

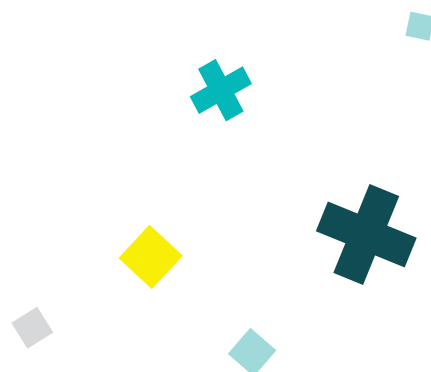


## / PRIVACY

By completing an Application Form, you will be providing personal information to the Company (directly or via the Share Registry). The Company will collect, hold and use that information to assess the Application and, for successful Applications, to service Shareholders' needs, communications and related administration. The information may also be disclosed to persons inspecting the register, bidders for securities in the context of takeovers, ASIC, the ASX, print service providers, mail houses and Share Registry activities generally.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988, the Corporations Act 2001, the ASX Listing Rules and the ASX Settlement Operating Rules. If you do not provide the information required on the Application Form, the Company may not be able to accept or process an Application.

Under the Privacy Act, you may request access to, correct and update your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by writing to the Company or the Share Registry whose details are in the Corporate Directory section of the Prospectus.



THIS PAGE IS LEFT BLANK INTENTIONALLY

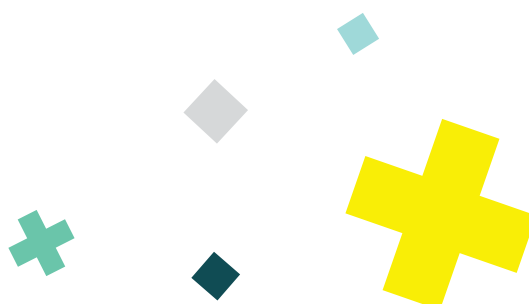






## / TABLE OF CONTENTS

10	CHAIRMAN'S LETTER
11	IMPORTANT DATES AND KEY OFFER STATISTICS
13	SECTION 01 / INVESTMENT OVERVIEW
29	SECTION 02 / THE OFFER
35	SECTION 03 / PHARMACEUTICAL INDUSTRY OVERVIEW
41	SECTION 04 / BUSINESS OVERVIEW
57	SECTION 05 / DIRECTORS AND CORPORATE GOVERNANCE
67	SECTION 06 / FINANCIAL INFORMATION
81	SECTION 07 / INVESTIGATING ACCOUNTANT'S REPORT
89	SECTION 08 / RISK ANALYSIS
99	SECTION 09 / MATERIAL AGREEMENTS AND RELATED PARTY TRANSACTIONS
109	SECTION 10 / ADDITIONAL INFORMATION
123	SECTION 11 / DIRECTORS' RESPONSIBILITY AND CONSENT STATEMENT
125	SECTION 12 / GLOSSARY
129	SECTION 13 / APPLICATION FORM





## / CHAIRMAN'S LETTER

Dear Investor,

As Chairman of FarmaForce Limited (FarmaForce or the Company) I am pleased to present this Prospectus on behalf of the Board and invite you to subscribe for Shares in our Company.

FarmaForce is a contract sales organisation (CSO) offering innovative sales solutions to the Australian Pharmaceutical Industry. We provide clients with a broad range of unique and innovative sales force solutions extending from shared or syndicated sales teams right through to fully managed dedicated teams on a national level. Consolidation within the Pharmaceutical industry as discussed in Section 3.1 has provided ideal market drivers for the provision of such services and we are in an ideal position to capitalise on the industry restructure.

The Company has been in operation since January 2014 and since then has achieved many milestones including the development of the Company's infrastructure, the assembly of a high calibre management team, the formation of an excellent Pan Australian sales force, and the successful engagement of multinational clients.

Looking forward, the Company is now in a position to undertake its next phase of growth and has prepared this Offer in order to raise sufficient funds to:

- > Accelerate the implementation of the Company's business model.
- > Increase working capital to support strategic and sustainable business growth.
- > Develop and implement proprietary technologies to support innovative sales models that reduce costs by amortising them across multiple partners.
- > Meet the expenses of the Offer.

The Company is offering the opportunity for the public to subscribe for up to 20,000,000 Shares at an Issue Price of \$0.30 per Share to issue total Shares of up to \$6,000,000. The Offer is subject to the Company raising the Minimum Subscription of \$5,000,000 (16,666,667 Shares). Please refer to Section 2 The Offer, of this Prospectus for further details.

This Prospectus contains detailed information about the Company's business, people and development strategy. It also outlines risks associated with any investment in the Company. The Company's development strategies necessitate a broad expansion of its general operational resources and infrastructure and with this new activity will come risks specific to this Company. I therefore encourage you to read this document carefully and in its entirety and consider those risks before making a decision to invest.

The Board looks forward to welcoming you as a new Shareholder.

Yours sincerely,

**GEORGE ELIAS**  
Chairman



## / IMPORTANT DATES AND KEY OFFER STATISTICS

### IMPORTANT DATES

DETAIL	DATES
Prospectus lodged with ASIC	10 August 2015
Opening Date	13 August 2015
Closing Date	9 October 2015
Expected date for dispatch of transaction confirmation statements	20 October 2015
Expected date for quotation of Shares on ASX	27 October 2015

The dates are indicative only and are subject to change without notice. The Company reserves the right to close the Offer at any time before the Closing Date or to extend the Offer without prior notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

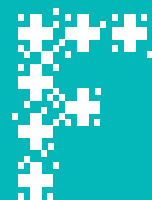
### KEY OFFER STATISTICS

DETAIL	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Offer Price	\$0.30	\$0.30
Shares to be issued to the public under the Offer	16,666,667	20,000,000
Shares to be issued to existing Convertible Noteholders <sup>1</sup>	19,302,500	19,302,500
Shares held by existing Shareholders	90,000,000	90,000,000
Shares to be issued to Lead Manager <sup>2</sup>	1,272,416	1,306,086
<b>Total Shares on Issue at completion of Offer</b>	<b>127,241,583</b>	<b>130,608,586</b>
Options on Issue at completion of Offer <sup>3</sup>	19,302,500	19,302,500
Indicative Market Capitalisation <sup>4</sup>	\$38,172,475	\$39,182,576

- 1 The Company intends to convert Convertible Notes on issue into Shares upon the Company being admitted to the Official List and pursuant to the terms of the Convertible Note Agreement specified in Section 10.7 Convertible Note Terms. At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.
- 2 Shares to be issued to iQ3Corp Ltd under the terms of the corporate finance advisory and lead management agreement. Please refer to Section 9.2 Arrangement with iQ3Corp Ltd of this Prospectus for further details.
- 3 Options will be issued to existing Convertible Noteholders on conversion of their Convertible Notes. Please refer to Section 10.8 Option Terms of this Prospectus for further details.
- 4 Market Capitalisation is calculated as the total Shares on issue at completion of Offer multiplied by the Offer Price.

THIS PAGE IS LEFT BLANK INTENTIONALLY





# / SECTION 01

INVESTMENT OVERVIEW





## / INVESTMENT OVERVIEW

TOPIC	SUMMARY	FURTHER REFERENCE
1.1 Business Overview		
Who is the Company and what services does it provide?	<p>The Company is a contract sales organisation (CSO) offering innovative sales solutions to the Australian pharmaceutical industry.</p> <p>It provides clients with a broad range of unique and innovative sales force solutions extending from syndicated sales teams right through to fully managed dedicated teams on a national level. The Company also offers other distinct services including nurse teams and pharmacy teams.</p> <p>It promotes its clients' product(s) to Healthcare Professional (HCP) customers such as general practitioners, specialists and pharmacists.</p>	<p>Sections</p> <p>3.1 Pharmaceutical Industry Introduction</p> <p>3.4 Contract Sales Organisations</p> <p>4 Business Overview</p>
How long has the Company been operating for?	The Company was incorporated as FarmaForce Pty Ltd on 28th January 2014, and changed to FarmaForce Limited on 14th May 2015. To date the Company has been operating for 18 months.	<p>Section</p> <p>4.2 Introduction</p>
Who are the Company's target clients?	<p>The Company's target clients include pharmaceutical companies with innovative, patent protected or patent expired pharmaceutical products for both prescription as well as over the counter (OTC) sale, as well as those entities with the requisite regulator approval to supply therapeutic goods in Australia.</p> <p>These organisations may currently be operating in Australia or seeking to operate in Australia.</p>	<p>Section</p> <p>4.6 Target Clients</p>
What is the Company's revenue model?	<p>The Company enters service agreements with clients. The scope of each service agreement is negotiated and varies according to several factors. A sample of these factors include:</p> <ul style="list-style-type: none"> <li>&gt; Type of service, that is, syndicated team(s) or dedicated team(s).</li> <li>&gt; Promotional model, that is, Primary, Secondary or Tertiary.</li> <li>&gt; Size of team(s) and the team(s).</li> <li>&gt; Geographic coverage and intensity required.</li> </ul> <p>Revenue model typically consists of service fees as well as success fees, which are typically structured to include an up-front fee component and recurring fees over the duration of the engagement. Success fees are typically paid on achievement of pre agreed milestones.</p>	<p>Sections</p> <p>4.8 Service Options</p> <p>4.10 Revenue Model</p>



TOPIC	SUMMARY	FURTHER REFERENCE
What is the Company's development strategy?	<p>The Company has successfully reached many milestones to date. Looking forward, it has developed a strategic business model that considers all the elements required to move forward with its next phase of growth. A sample of these elements include:</p> <ul style="list-style-type: none"> <li>&gt; The development of a unique and competitive market position.</li> <li>&gt; The development of an operational model that promotes excellence and meritocracy enabling recruitment of top tier in-field sales professionals.</li> <li>&gt; The creation of flexible service options that responds to current demand drivers in the Australian Pharmaceutical market.</li> <li>&gt; The development of a revenue model that offers a broad scope of potential terms.</li> </ul>	<p>Sections</p> <p>4.3 Milestones Reached</p> <p>4.4 Strategic Business Model</p> <p>4.5 Market Position</p> <p>4.7 Service Models</p> <p>4.8 Service Options</p> <p>4.10 Revenue Model</p>
How does the Company expect to fund its operations?	The Company intends to fund operations through revenue generated from its operations in addition to capital raising activities such as that represented by this Offer.	<p>Section</p> <p>2 The Offer</p>
<b>1.2 The Offer</b>		
Who is the issuer of the Prospectus?	FarmaForce Limited (ABN 95 167 748 843), (the Company) a company incorporated in NSW Australia.	
What is the Offer?	<p>The Company is offering up to 20,000,000 Shares at an Issue Price of \$0.30 per Share to raise up to \$6,000,000.</p> <p>It proposes to raise a minimum of \$5,000,000.</p>	<p>Section</p> <p>2 The Offer</p>
Why is this Offer being conducted?	<p>The purpose of the Offer is to provide the Company with sufficient funds to:</p> <ul style="list-style-type: none"> <li>&gt; Execute an investment programme that will enable it to meet the following business objectives: <ul style="list-style-type: none"> <li>• Pursue marketing strategies</li> <li>• Establish the Centre of Excellence</li> <li>• Develop an online platform</li> <li>• Expand market presence through the establishment of new teams</li> <li>• Optimise business systems</li> </ul> </li> <li>&gt; Meet the expenses of the Offer.</li> <li>&gt; Increase working capital to support strategic and sustainable business growth.</li> </ul>	<p>Sections</p> <p>4.4 Strategic Business Model</p> <p>2.2 Purpose of the Offer</p> <p>10.10 Cost of the Offer</p>



TOPIC	SUMMARY	FURTHER REFERENCE															
How does the Company propose to use the funds raised under the Offer?	<p>The following table provides a breakdown of the use of funds at both the minimum and maximum subscription amounts. The Company intends to apply the net pro forma available cash on completion of Offer (including the proceeds from this Offer) over the 24 months post listing as follows:</p> <table><tr><th></th><th>Minimum Subscription \$</th><th>Maximum Subscription \$</th></tr><tr><td>Cash Balance</td><td>2,415,012</td><td>2,415,012</td></tr><tr><td>Proceeds to the Offer</td><td>5,000,000</td><td>6,000,000</td></tr><tr><td>Less Cost of Offer</td><td>(845,000)</td><td>(945,000)</td></tr><tr><td>Total Pro Forma Cash Balance</td><td>\$6,570,012</td><td>\$7,470,012</td></tr></table>		Minimum Subscription \$	Maximum Subscription \$	Cash Balance	2,415,012	2,415,012	Proceeds to the Offer	5,000,000	6,000,000	Less Cost of Offer	(845,000)	(945,000)	Total Pro Forma Cash Balance	\$6,570,012	\$7,470,012	Section 2.3 Use of Funds
	Minimum Subscription \$	Maximum Subscription \$															
Cash Balance	2,415,012	2,415,012															
Proceeds to the Offer	5,000,000	6,000,000															
Less Cost of Offer	(845,000)	(945,000)															
Total Pro Forma Cash Balance	\$6,570,012	\$7,470,012															
Item of expenditure	Further Detail	Minimum Subscription \$	Maximum Subscription \$														
Expenditure Programme to Meet Business Objectives and Cost of Offer																	
Pursue marketing strategies aimed at building the Company’s profile within the pharmaceutical industry, including sponsoring and exhibiting at the numerous national and international pharmaceutical industry conferences and events.	4.12.2	750,000	850,000														
Procure site and establish the national operational office and Centre of Excellence in Sydney and state office in Melbourne and Brisbane.	4.5.2	800,000	850,000														
> Costs associated with procuring sites.	4.13.3																
> Site specific IT infrastructure.																	
> General office fit-out at each site.																	
Development of proprietary sales planning and online market stratification platform.	4.13.1	400,000	430,000														
Costs of developing the infrastructure and processes required to expand the digital sales solutions promotion strategy, including:	4.8.5	1,005,000	1,155,000														
> Purchase, setup and deployment of information technology equipment for in-field sales professionals.	4.11.1																
> Education and training of sales staff through learning and development programs, including Medicines Australia training accreditation of in-field sales professionals.																	
Optimisation of business systems	4.5.4	65,000	75,000														
Total Expenditure Programme to Meet Business Objectives		3,020,000	3,360,000														
Allocation for working capital to support strategic and sustainable business growth																	
Funds allocated for working capital:																	
> Head office employee costs		1,700,000	1,850,000														
> Occupancy and Administration costs		1,610,000	1,750,000														
> Licensing and subscriptions		100,000	120,000														
> Balance to be allocated to general working capital.		140,012	390,012														
		\$6,570,012	\$7,470,012														





TOPIC	SUMMARY	FURTHER REFERENCE
Will additional Shares be issued upon listing?	<p>Yes, additional Shares will be issued by way of a conversion of Convertible Notes and the exercise of Loyalty Options issued as at the date of this Prospectus.</p> <p>Convertible Notes - The Company currently has 3,860,500 Convertible Notes on issue (at a face value of \$1 per note) amounting to \$3,860,500.</p> <p>Upon the Company being admitted to the official list, the Company intends to convert the existing Convertible Notes on issue to 19,302,500 Shares at \$0.20 per Share.</p> <p>Loyalty Options - Each Convertible Noteholder is entitled to one (1) Loyalty Option for every Share issued upon conversion of the Convertible Notes. This entitles the Optionholder to subscribe for, and be allotted, one additional ordinary Share in the capital of the Company at an exercise price of \$0.20 per Share.</p> <p>Options may be exercised between the period commencing 24 months and ending within 36 months from the date of listing.</p>	<p>Sections</p> <p>10.7 Convertible Note Issue</p> <p>10.8 Option Terms</p>
Is the Offer underwritten?	Yes. The Company has engaged iQX Investment Services Pty Ltd (AFSL: 451144) to act as the underwriter to the Offer. This Offer will be underwritten up to the minimum subscription.	<p>Section</p> <p>9.5 Underwriting Agreement</p>
Will Shares under the Offer be quoted on the ASX?	Shares offered pursuant to this Prospectus, will not be issued, until a minimum of 16,666,667 Shares are subscribed for (to the equivalent of \$5,000,000) and the ASX has confirmed it will admit the Shares offered pursuant to this Prospectus for quotation on the Official List.	<p>Section</p> <p>2 The Offer</p>
Will any Shares be subject to escrow arrangements?	<p>Yes. Subject to a final decision by ASX, the existing Shareholder, iQ3Corp Ltd and all interest held by the Directors in the Company's securities would be subject to restrictions on sale and other dealings.</p> <p>As at the date of this Prospectus, the Company is a wholly owned subsidiary of iQnovate Ltd. iQnovate Ltd is a company listed on the National Stock Exchange of Australia. As at the date of the Prospectus, iQnovate Ltd holds 90,000,000 Shares in the Company.</p> <p>It is expected that upon achieving the minimum subscription and obtaining admission to the Official List of the ASX, that all Shares held by iQnovate Ltd will be made subject to a 24 month escrow period.</p>	<p>Section</p> <p>8.1.6 Escrow and Liquidity of Shares</p>



TOPIC	SUMMARY	FURTHER REFERENCE
<p><b>Will any Shares be subject to escrow arrangements?</b></p> <p><b>(cont.)</b></p>	<p>Upon achieving the minimum subscription, iQ3Corp Ltd will be entitled to receive at least 1,272,416 Shares in the Company under the terms of the corporate finance advisory and lead management agreement.</p> <p>As at the date of this Prospectus, the Directors consider iQ3Corp Ltd to be a related party. iQ3Corp Ltd is also considered to be a promoter of the Company for the purposes of the ASX Listing Rules. It is expected that upon achieving the minimum subscription and obtaining admission to the Official List of the ASX, all Shares held by iQ3Corp Ltd in the Company will be made subject to a 24 month escrow period.</p> <p>On completion of the offer, 19,302,500 Shares will be issued to existing Convertible Noteholders at an issue price of \$0.20. This represents a discount of approximately 33.33% on the Offer Price. It is expected that upon achieving the minimum subscription and obtaining admission to the Official List of the ASX, that at least 33.33% of the Shares to be issued to existing Convertible Noteholders who are not considered to be a related party of the Company, will be made subject to a 12 month escrow period.</p> <p>It is expected that approximately 100% of the Shares issued to those existing Convertible Noteholders who are considered to be a related party of the Company, will be made subject to a 24 month escrow period. At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company.</p>	
<b>What is the allocation policy?</b>	The Company reserves the right to allocate to any Applicant a lesser number of Shares than are applied for, or to decline any Application subject to agreement with the underwriter.	Section 2.8 Allocation and Scale Back
<b>Can the Offer be withdrawn?</b>	<p>Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants.</p> <p>If the Offer does not proceed, Application Monies will be fully refunded. No interest will be paid on Application Monies refunded as a result of a decision to withdraw the Offer.</p>	



TOPIC	SUMMARY	FURTHER REFERENCE
1.3 Capital Structure		

What is the capital structure pre and post listing?

Capital Structure	Minimum Subscription	Maximum Subscription
Shares on issue as at date of this Prospectus	90,000,000	90,000,000
Shares to be issued under the Offer	16,666,667	20,000,000
Shares to be issued to existing Convertible Noteholders <sup>5</sup>	19,302,500	19,302,500
Shares to be issued to Lead Manager <sup>6</sup>	1,272,416	1,306,086
Total Shares on Issue on completion of Offer	127,241,583	130,608,586
Number of \$1 Convertible Notes on issue as at the date of this Prospectus	\$3,860,500	\$3,860,500
Total Convertible Notes on completion of Offer <sup>7</sup>	Nil	Nil
Options on Issue as at the date of this Prospectus	Nil	Nil
Options to be issued on completion of Offer	19,302,500	19,302,500
<b>Total Options on Issue</b>	<b>19,302,500</b>	<b>19,302,500</b>

Section  
10.4 Capital Structure

- <sup>5</sup> The Company intends to convert Convertible Notes on issue into Shares upon the Company being admitted to the Official List and pursuant to the terms of the Convertible Note Agreement specified in Section 10.7 Convertible Note Issue. At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.
- <sup>6</sup> Shares to be issued to iQ3Corp Ltd under the terms of the corporate finance advisory and lead management agreement. Please refer to Section 9.2 Arrangement with iQ3Corp Ltd of this Prospectus for further details.
- <sup>7</sup> Options will be issued to existing Convertible Noteholders on conversion of their Convertible Notes. Refer to Section 10.8 Option Terms of this Prospectus for further details.



TOPIC	SUMMARY	FURTHER REFERENCE										
1.4 Board of Directors												
Are there any financing facilities in use?	<p>Yes. The Company currently has 3,860,500 Convertible Notes on issue (at a face value of \$1 per note) amounting to \$3,860,500. The Purpose of the Convertible Note issue was to capitalise the Company and to assist it in its initial development in anticipation of its initial public offering, including assisting the Company in the development of its infrastructure.</p> <p>Upon the Company being admitted to the official list, the Company intends to convert the existing Convertible Notes on issue to 19,302,500 Shares at \$0.20 per Share. If the Company decides not to convert the Convertible Notes, then the Company may at any time prior to the maturity date, determine to redeem the Convertible Notes by paying Noteholders the face value of the Convertible Note.</p> <p>At the date of this Prospectus, the Company has issued Convertible Notes to 73 individual Noteholders. Of those Convertible Noteholders, Mr Daniel Morato and Mr George Elias are the only Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.</p>	<p>Sections</p> <p>10.4.3 Convertible Notes</p> <p>10.7 Convertible Note Issue</p>										
Who are the Directors and what is their experience?	<p>The Company is supported by a management team with years of pharmaceutical industry, business advisory, commercial and corporate experience. The Company’s Board of Directors (the Board) comprises of individuals who have held partnership and key management positions in businesses across the health and human services and accounting and finance industries. Collectively, they possess the core skills and competencies necessary to effectively manage an organisation engaged in the health and human services industry.</p> <table><tr><th>Name</th><th>Position</th></tr><tr><td>George Elias BCom, CPA (FPS), CFP, SSA</td><td>Non-Executive Chairman (independent)</td></tr><tr><td>Daniel Morato BPharm M.P.S.</td><td>Executive Director</td></tr><tr><td>Stamatia Tolia MSc, BSc(Nursing)</td><td>Non-Executive Director (independent)</td></tr><tr><td>Con Tsigounis</td><td>Non-Executive Director (non-independent)</td></tr></table>	Name	Position	George Elias BCom, CPA (FPS), CFP, SSA	Non-Executive Chairman (independent)	Daniel Morato BPharm M.P.S.	Executive Director	Stamatia Tolia MSc, BSc(Nursing)	Non-Executive Director (independent)	Con Tsigounis	Non-Executive Director (non-independent)	<p>Section</p> <p>5.1 Director Profiles</p>
Name	Position											
George Elias BCom, CPA (FPS), CFP, SSA	Non-Executive Chairman (independent)											
Daniel Morato BPharm M.P.S.	Executive Director											
Stamatia Tolia MSc, BSc(Nursing)	Non-Executive Director (independent)											
Con Tsigounis	Non-Executive Director (non-independent)											



TOPIC	SUMMARY	FURTHER REFERENCE
<b>1.5 Interests of Existing Shareholders, Directors and Other Related Parties</b>		
<b>Who is the Existing Shareholder?</b>	<p>The existing Shareholder is iQnovate Ltd, a scientifically driven life science asset management organisation listed on the National Stock Exchange of Australia. As at the date of this Prospectus, Dr George Syrmalis and Mr Con Tsigounis, each a Director of iQnovate Ltd, each have a relevant interest in approximately 29.8%, respectively, in all the voting Shares in iQnovate Ltd.</p> <p>As at the date of this Prospectus, iQnovate Ltd holds 90,000,000 of the issued Shares in the Company. Upon listing, iQnovate Ltd will continue to hold 90,000,000 Shares.</p>	<p>Sections</p> <p>2.1 The Offer</p> <p>8.1.5 Control Risk by iQnovate Ltd.</p>
<b>What are the Existing Shareholder's interest in the Offer and what significant benefits are payable to them?</b>	<p>iQnovate Ltd is not entitled to any payment under the Offer. The Offer will dilute iQnovate Ltd's interests in the Company's securities on completion of the Offer and result in a final shareholding of either 70.73% (if the minimum subscription is achieved) or 68.91% (if the maximum subscription is achieved).</p>	<p>Section</p> <p>2.1 The Offer</p>



TOPIC	SUMMARY	FURTHER REFERENCE
What significant benefits are payable to Directors and other persons connected with the Offer and what significant interests do they hold?	<p>Directors are paid in accordance to executive service agreements and Non-Executive Directors agreements. Directors hold interest in securities of the Company in the manner set out below.</p> <ul style="list-style-type: none"> <li>&gt; General Manager Executive Service Agreement - The Company has entered into an executive service agreement with Mr Daniel Morato to govern his employment as General Manager of the Company. He is entitled to a base remuneration, inclusive of mandatory superannuation contributions and incidental benefits in addition to bonuses and an allocation of Shares in accordance to the Employee Share Plan subject to his meeting agreed performance benchmarks.</li> <li>&gt; Non-Executive Service Agreements - Pursuant to letters of continuing appointment each Non-Executive Director is continuing their appointment to the Board following listing. Non-Executive Directors, with the exception of Mr Con Tsigounis, will each be paid a flat fee, inclusive of statutory superannuation.</li> <li>&gt; Interests in Shares, Convertible Notes and Options: The following table profiles the rights of Directors to Shares, Convertible Notes and Options prior to the Offer, movement during the Offer and balance on completion of the Offer.</li> </ul>	<p>Sections</p> <p>5.2.9 Remuneration of Directors</p> <p>10.6 Employee Share Plan</p> <p>9.1 Executive and Directors Service Agreements</p> <p>10.11 Interests of Directors</p> <p>10.12 Interests of Advisors and Experts</p>

Name	Shares			Convertible Notes			Options		
	Prior to Offer	Movement During Offer Period	Balance on Completion	Prior to Offer	Movement During Offer Period	Balance on Completion	Prior to Offer	Movement During Offer Period	Balance on Completion
George Elias	-	125,000	125,000	25,000	(25,000)	-	-	125,000	125,000
Daniel Morato	-	500,000	500,000	100,000	(100,000)	-	-	500,000	500,000
Stamatia Tolia	-	-	-	-	-	-	-	-	-
Con Tsigounis	-	-	-	-	-	-	-	-	-



TOPIC	SUMMARY	FURTHER REFERENCE
Does the Company have any related parties and are there any material related party transactions?	<p>Yes.</p> <p>Clinical Research Corporation Pty Ltd and the Company are wholly owned subsidiaries of iQnovate Ltd and are accordingly related parties.</p> <p>The Company, iQnovate Ltd, Clinical Research Corporation Pty Ltd, iQX Ltd and iQ3Corp Ltd have entered into a cost sharing agreement. These companies occupy offices situated in a common location. Accordingly, each company incurs operational and administrative costs such as employee related expenses and other fees paid to external service providers, which are generally attributable to, and therefore chargeable across all five companies.</p> <p>iQ3Corp Ltd is a corporate finance and advisory firm that provides capital raising and corporate finance advisory services to listed and unlisted companies in the Life Science industry.</p> <p>The Board has determined that the Company is a related party to iQ3Corp Ltd due to:</p> <ul style="list-style-type: none"> <li>&gt; The common employment of Mr Spiro Sakiris by iQnovate Ltd, iQX Ltd and iQ3Corp Ltd. Mr Sakiris is an Executive Director, Chief Financial Officer and Chief Operating Officer of iQ3Corp Ltd. Mr Sakiris also holds the office of Chief Financial Officer and Chief Operating Officer for iQnovate Ltd and iQX Ltd.</li> <li>&gt; Dr Syrmalis is also an Executive Director, and Chief Executive Officer of iQnovate Ltd and iQX Ltd. Dr Syrmalis is also the Chief Executive Officer of iQ3Corp Ltd.</li> </ul> <p>The Board has also determined that the Company is a related party to iQX Ltd (a specialised Life Science investment company) and its wholly owned subsidiary iQX Investment Services Pty Ltd due to:</p> <ul style="list-style-type: none"> <li>&gt; The common employment of Mr Spiro Sakiris and Dr George Syrmalis by iQnovate Ltd and iQX Ltd. Mr Sakiris and Dr Syrmalis are each employed as described above.</li> </ul>	<p>Sections</p> <p>9 Material Agreements and Related Party Transactions</p> <p>9.2 Arrangement with iQ3Corp Ltd</p> <p>9.3 Cost Sharing Agreements</p> <p>9.5 Underwriting Agreements</p> <p>5.2.11 Conflict of Interest and Related Party Transactions Policy</p> <p>8.1.9 Cost Sharing Agreement Risk</p>



TOPIC	SUMMARY	FURTHER REFERENCE
Does the Company have any related parties and are there any material related party transactions?	<p>Accordingly, Mr Sakiris and Dr Syrmalis (by reason of their office) and iQnovate Ltd (by reason of its shareholding) may have capacity to determine the outcome of decisions concerning the Company's financial and operational policies. However, this risk is mitigated through the Board's structure and appointment of independent directors.</p> <p>The Company has entered transactions with related parties.</p>	
(cont.)	<p>The Company has entered into a commercial arrangement with iQ3Corp Ltd under which iQ3Corp Ltd has been engaged by the Company to act as lead manager and corporate advisor and to capital raise for the Company in respect of this Offer.</p> <p>The Company has also engaged iQX Investment Services Pty Ltd (AFSL: 451144) to act as the underwriter to the Offer. The Offer will be underwritten pursuant to an Underwriting Agreement between iQX Investment Services Pty Ltd and FarmaForce dated 10 August 2015 (Underwriting Agreement). Subject to the terms of the Underwriting Agreement, iQX Investment Services Pty Ltd (AFSL: 451144) has agreed to underwrite the Offer in consideration for the following fees:</p> <ul style="list-style-type: none"> <li>&gt; 3% of the minimum subscription.</li> </ul> <p>The Company has a documented Conflict of Interest and Related Party Transaction Policy and Procedures which ensures that all potential related party transactions and payments are conducted on an arm's length basis and that the process surrounding those transactions and payments are transparent and fully documented.</p>	

#### 1.6 Key risks

What are the key risks?	<p>You should be aware that subscribing for Shares in the Company involves a number of risks. These are both Company specific risks and risks that are general in nature.</p> <p>The following provides a sample only of Company specific risks.</p> <p><b>Termination of Existing Service Agreements</b> As at the date of the Prospectus, the Company has in place a limited number of client service agreements that are expected to generate revenue for the Company. These agreements vary in length and are generally short-term in nature and typically range between six and twelve months in duration.</p>	<p>Sections</p> <p>8 Risk Analysis</p> <p>8.1 Company Specific Risks</p> <p>8.2 General Risks</p>
-------------------------	---	---





TOPIC	SUMMARY	FURTHER REFERENCE
<p><b>What are the key risks?</b></p> <p>(cont.)</p>	<p>Each service agreement is expected to contribute to the Company's financial performance, however these agreements can be terminated on relatively short notice (prior to the expiry of the fixed term) for the reasons detailed at Section 9.6. The financial performance of the Company is therefore susceptible to a loss of one or more service agreements. Should a service agreement be delayed or terminated for whatever reason, irrespective of whether a termination fee is awarded in favour of the Company, the Company may experience an adverse affect on expected revenue and cash flow in the short term.</p> <p>In addition to the risks associated with delay and/or termination, either some or all of the Company's current service agreements may not be extended or re-tendered when the agreements expire. If re-tendered, the Company may not be successful in its tender and may not retain the service agreement or may only succeed in retaining the service agreement at a lower margin. Failure to retain any of these service agreements may have a material adverse affect on the Company's future financial performance.</p> <p><b>Limited Operating History</b> The Company has limited relevant operating history. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business model.</p> <p><b>Escrow and Liquidity of Shares</b> All of the 16,666,667 (minimum) and 20,000,000 (maximum) Shares under this Offer will represent a minority stake in the Company given that 90,000,000 shares are already issued to existing shareholders. There is future dilution risk to these minority shareholders should the Company seek to raise further equity funds as discussed at Section 8.1.13.</p> <p>All, or a significantly high portion of the 90,000,000 Shares currently on issue as at the date of this Prospectus, may be classified as restricted securities by the ASX and therefore subject to escrow. If the Company is successful in raising either the minimum or the maximum amount under the Offer, and all of the 90,000,000 Shares currently on issue are made subject to escrow, then 70.73% (if the minimum subscription is achieved) or 68.91% (if the maximum subscription is achieved) of the total Shares on issue post the Offer may be restricted for trading.</p>	



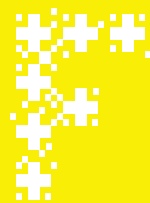
TOPIC	SUMMARY	FURTHER REFERENCE
<p><b>What are the key risks?</b></p> <p><b>(cont.)</b></p>	<p>In addition, it is anticipated that all shares to be held by iQ3Corp Ltd in the Company under the terms of the corporate advisory and lead management agreement, being at least 1,272,416 Shares if the minimum subscription is achieved, will also be made subject to a 24 month escrow period.</p> <p>Considering that a substantial number of the Company's Shares will likely be restricted, no assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Issue Price after the Shares have been admitted to the Official List.</p> <p>If an illiquid market for the Company's Shares occurs, then there is a risk that Shareholders will not be able to readily sell their Shares (or buy additional Shares), and may resort to offering their Shares at significant discount (or offer a premium to buy additional Shares) to the quoted market price in order to make them more attractive to the market. There is a risk that Shareholders may not be able to sell their Shares at all until the liquidity improves.</p> <p>Following is a headings only summary of other Company Specific Risks which are explained in detail, along with risks that are general in nature, in Section 8 Risk Analysis.</p> <ul style="list-style-type: none"> <li>&gt; Reliance on Key Personnel</li> <li>&gt; Termination of Existing Service Agreements</li> <li>&gt; Underutilisation</li> <li>&gt; Ineffective Growth and Business Development Strategies</li> <li>&gt; Employee Negligence and Misconduct</li> <li>&gt; Cost Sharing Agreement</li> <li>&gt; Competition and Changes in Competitive Landscape</li> <li>&gt; Regulatory</li> <li>&gt; Inability to Access Healthcare Professionals</li> <li>&gt; Technology Failures</li> <li>&gt; Control Risk by iQnovate Ltd</li> <li>&gt; Funding Risk</li> </ul>	



TOPIC	SUMMARY	FURTHER REFERENCE												
<b>1.7 Financial Information</b>														
<b>What is the Company's historical and forecasted financial performance?</b>	<p>The financial information presented in this table below is intended to be a summary of the financial performance of the Company and should be read in conjunction with further details provided in Section 6 Financial Information.</p> <table> <tr> <th colspan="3">Statutory Historical Results</th></tr> <tr> <th></th><th>FY2014 \$000</th><th>HY2015 \$000</th></tr> <tr> <td>Revenue</td><td>16</td><td>1</td></tr> <tr> <td>Loss After Tax</td><td>(378)</td><td>(739)</td></tr> </table> <p>The Directors have considered the matters outlined in ASIC Regulatory Guide 170. The Company considers that it is unable to provide potential investors with any reliable revenue, profit or cash flow forecasts or projections. Accordingly any forecast or projection would contain a broad range of uncertainties and possibilities that preclude preparation of reliable forecasts or projections.</p> <p>Assuming that the Company does not generate any revenue in next 24 month period or make any major acquisitions, the Directors believe that the funds raised from the Offer will be sufficient to fund the Company's business objectives as stated in this Prospectus for at least the next 24 months, in the absence of any of the risk factors set out in Section 8 occurring.</p>	Statutory Historical Results				FY2014 \$000	HY2015 \$000	Revenue	16	1	Loss After Tax	(378)	(739)	Section 6 Financial Information
Statutory Historical Results														
	FY2014 \$000	HY2015 \$000												
Revenue	16	1												
Loss After Tax	(378)	(739)												

THIS PAGE IS LEFT BLANK INTENTIONALLY





# / SECTION 02

THE OFFER





## / THE OFFER

### 2.1 THE OFFER

The Company is currently a 100% wholly owned subsidiary of iQnovate Ltd. As at the date of this Prospectus, iQnovate Ltd holds 90,000,000 of the issued Shares in the Company.

The Company is offering up to 20,000,000 Shares at an Issue Price of \$0.30 per Share to raise up to \$6,000,000 (before expenses). The Offer will dilute the interest of iQnovate Ltd on completion of the Offer and result in a final shareholding of either 70.73% (if the minimum subscription is achieved) or 68.91% (if the maximum subscription is achieved).

Shares offered pursuant to this Prospectus will not be issued until a minimum of 16,666,667 Shares have been subscribed for (to the equivalent of \$5,000,000) and the ASX has confirmed it will admit the Shares offered pursuant to this Prospectus for quotation on the Official List.

### 2.2 PURPOSE OF THE OFFER

The purpose of the Offer is to provide the Company with sufficient funds to:

- > Execute an investment programme that will enable it to meet the following business objectives:
  - Pursue marketing strategies
  - Establish the Centre of Excellence
  - Develop the online platform
  - Expand market presence through the establishment of new teams
  - Optimise business systems
- > Meet the expenses of the Offer.
- > Increase working capital to support strategic and sustainable business growth.

Further details are at Section 2.3.

No amount of the funds raised under the Offer will be paid either directly or indirectly to iQnovate Ltd as compensation for the dilution of its shareholding as a result of the Offer.

### 2.3 USE OF FUNDS

Pro Forma Cash Balance. For further details refer to Section 6.

	MINIMUM SUBSCRIPTION \$	MAXIMUM SUBSCRIPTION \$
Cash Balance	2,415,012	2,415,012
Proceeds of the Offer	5,000,000	6,000,000
Less Cost of Offer	(845,000)	(945,000)
<b>Total Pro Forma Cash Balance</b>	<b>\$6,570,012</b>	<b>\$7,470,012</b>





The Company intends to apply the net available cash on completion of Offer (including the proceeds from this Offer) over the 24 months post listing as follows:

ITEM OF EXPENDITURE	FURTHER DETAIL	MINIMUM SUBSCRIPTION \$	MAXIMUM SUBSCRIPTION \$
<b>Expenditure Programme to Meet Business Objectives and Cost of Offer</b>			
Pursue marketing strategies aimed at building the Company's profile within the pharmaceutical industry, including sponsoring and exhibiting at the numerous national and international pharmaceutical industry conferences and events.	Section 4.12.2 Marketing	750,000	850,000
Procure site and establish the national operational office and Centre of Excellence in Sydney and state office in Melbourne and Brisbane.	Section 4.5.2 Centre of Excellence	800,000	850,000
<ul style="list-style-type: none"> <li>&gt; Costs associated with procuring sites.</li> <li>&gt; Site specific IT Infrastructure.</li> <li>&gt; General office fit-out at each site.</li> </ul>	Section 4.13.3 Geographic Presence		
Development of proprietary sales planning and online market stratification platform.	Section 4.13.1 Online Platform	400,000	430,000
Costs of developing the infrastructure and processes required to expand the digital sales solutions promotion strategy, including:	Section 4.8.5 Digital Sales Solutions	1,005,000	1,155,000
<ul style="list-style-type: none"> <li>&gt; Purchase, setup and deployment of information technology equipment for in-field sales professionals.</li> <li>&gt; Education and training of sales staff through learning and development programs, including Medicines Australia training accreditation of in-field sales professionals.</li> </ul>	Section 4.11.1 Human Resources Strategy		
Optimisation of business systems	Section 4.5.4 ISO Accreditation	65,000	75,000
<b>Total Expenditure Programme to Meet Business Objectives</b>		<b>3,020,000</b>	<b>3,360,000</b>
<b>Allocation for working capital to support strategic and sustainable business growth</b>			
Funds allocated for working capital:			
> Head office employee costs		1,700,000	1,850,000
> Occupancy and Administration costs		1,610,000	1,750,000
> Licensing and subscriptions		100,000	120,000
> Balance to be allocated to general working capital.		140,012	390,012
		<b>\$6,570,012</b>	<b>\$7,470,012</b>



The Directors believe that on completion of the Offer, the Company will have sufficient working capital to carry out its business objectives as stated in this Prospectus for the 24 months following from the date of this Prospectus.

The above figures are presented on a without revenue basis and, although the Directors believe that on completion of the Offer the Company will have sufficient working capital to carry out its stated business objectives, the Company is unable to give assurances that such objectives can be met if any of the risk items identified at Section 8, Risk Analysis, eventuates. In addition, should the company fail to recoup any additional costs associated with meeting its stated objectives, the Company may need to raise further capital during that period. If additional funds are raised by issuing further securities, this may result in a dilution of some or all of the Company's Shareholders' interests.

## 2.4 COSTS OF THE OFFER – SUMMARY

The total expenses of the Offer (excluding GST) are estimated to range between \$845,000 for the minimum subscription and \$945,000 for full subscription.

Please refer to Section 10.10 Cost of the Offer for a detailed breakdown.

## 2.5 APPLICATIONS FOR SHARES

Applications for Shares can only be made by completing the Application Form attached to this Prospectus and must be for a minimum of 7,000 Shares (\$2,100) and thereafter in multiples of 1,000 Shares (\$300). Applications can only be made by completing a paper Application Form.

Payment for paper Applications can be made by either cheque or EFT. If you chose to pay by cheque, your paper Application Form must be accompanied by the cheque and must be for the full amount of the Application. Cheques are to be drawn in Australian dollars and made payable to "FarmaForce Limited - Share Offer" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn.

Completed Application Forms together with Application Monies must be sent by post to:

**/ FarmaForce Limited**  
Level 3, 222 Clarence Street  
Sydney, NSW 2000

Completed Application Forms may be lodged at any time after the Opening Date and must be received by the Closing Date. The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Full instructions on how to apply for Shares and how to complete the Application Form are set out on the reverse side of the Application Form. If you have any doubt about how to apply for Shares or complete the Application Form, please consult your stockbroker, accountant or other professional advisor.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

## 2.6 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The Shares to be issued pursuant to this Offer are of the same class and will rank equally in all respects with existing Shares in the Company. The rights and liabilities attaching to the Shares are set out in Section 10.5 Shares: Rights and Liabilities.

## 2.7 ALLOTMENT

In accordance with the provisions of the Corporations Act, all Application Monies shall, pending allotment and issue of the Shares, be held by the Company in trust in a bank account established solely for the purpose of depositing the Application Monies received. Any interest earned on such Application Monies shall be to the Company's account. Transaction confirmation statements will be dispatched on or about 20 October 2015.





Subject to the minimum subscription under the Offer being reached, all conditions to the Offer being satisfied and the Company obtaining ASX approval for quotation on the ASX, the Shares to be issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. Oversubscriptions will be allocated at the discretion of Company. Refer to Section 2.8 Allocation and Scale Back, for further details of the Company's oversubscription and allocation policy under the Offer.

### 2.7.1 CONVERTIBLE NOTES

Shares issued upon conversion of Convertible Notes will be allotted upon the Company being accepted to the Official List. Refer to Section 10.7 Convertible Note Issue, for further details on Convertible Notes on issue.

### 2.8 ALLOCATION AND SCALE BACK

The Company will proceed to allocate Shares as soon as possible after the Closing Date and receiving ASX's confirmation that the Shares will be admitted to the Official List. The Company reserves the right to allocate to any Applicant a lesser number of Shares than are applied for, or to decline any Application. Where no allocation is made to you or the number of Shares allocated to you is less than the number you applied for, surplus Application Monies will be returned to you within 30 days of the Closing Date. No interest will be paid on refunded Application Monies.

If your Application is successful, you will be notified in writing of the number of Shares allocated to you as soon as possible following the allocation being made after the Closing Date. It is your responsibility to confirm the number of Shares allocated to you prior to trading in the Shares. If you sell your Shares before you receive notice of the number of Shares allocated to you, you do so at your own risk. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### 2.9 OVERSEAS SHAREHOLDERS

This Prospectus does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Prospectus.

If you are a Nominee applying for Shares on behalf of overseas residents you are responsible for ensuring that the Application does not breach any regulation applicable to any overseas resident.

Lodgement of Application Forms accompanied by the relevant Application Monies will be taken by the Company to constitute a representation from you that no breaches of any such regulations have occurred. Applicants who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

### 2.10 ASX ADMISSION

Within seven days after the date of issue of this Prospectus, the Company intends to apply for admission and quotation of its Shares on the Official List of the ASX. If granted, quotation of the Shares will commence as soon as practicable after allotment of Shares to Applicants.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication by the ASX of the merits of the Company or the Shares offered by this Prospectus. If the ASX does not grant permission to admit the Shares to the Official List within 3 months after the date of this Prospectus, or any longer period permitted by the Corporations Act, all Applications will be dealt with in accordance with the requirements of the Corporations Act.



### 2.11 CHESS

The Company will participate in the Clearing House Electronic Sub-register System (CHESS) in accordance with the ASX Listing Rules, and will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

Consequently, the Company will not issue certificates. The Share Registry will provide Issuer Sponsored holders with a Statement of Holding, which will set out the number of Shares allotted to them under the Prospectus. The Share Registry will provide Broker Sponsored Shareholders with transaction confirmation statements (similar to a holding statement), which will set out the number of Shares allotted to them under the Prospectus. At the end of the month, CHESS (acting on behalf of the Company) will provide Broker Sponsored Shareholders with a holding statement that will confirm the number of Shares then held.

A holding statement or transaction confirmation statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's HIN in the case of a holding on the CHESS sub-register or security holder reference number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial statements to all Shareholders, a holding statement will be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

### 2.12 DIVIDEND POLICY

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company. Until the Company develops a profit from its business activities it is unlikely that the Directors will declare a dividend.

### 2.13 RESTRICTED SECURITIES

The ASX may, as a condition of granting the Company's application for admission to the Official List, classify certain securities as Restricted Securities. If so, prior to the Company's Shares being admitted to the Official List, the holders of the Restricted Securities will be required to enter into agreements with the Company not to do, or omit to do, any act which would have the effect of transferring effective ownership and control of any Restricted Security, for a period determined by the ASX, without first obtaining the prior written consent of the ASX. The Share Registry will be requested to provide a holding lock on the Securities classified as Restricted Securities, and to not remove the holding lock without the ASX's written consent.

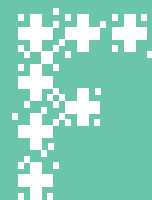
### 2.14 TAXATION AND STAMP DUTY IMPLICATIONS

The Directors do not consider that it is appropriate to give you advice regarding the taxation consequences of being issued Shares under this Prospectus, as it is not possible to provide a summary of the possible taxation positions of all Applicants. The Company, and its advisors and officers, do not accept any responsibility or liability for any taxation consequences to Applicants in respect of the issue of Shares pursuant to this Prospectus. The taxation consequences of an investment in the Company will depend on your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in the Company and if you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional advisor.

### 2.15 ENQUIRIES

If you have any enquiries as to the terms of the issue please contact the Company.

Within Australia:  
Tel: (02) 8239 5400



# / SECTION 03

PHARMACEUTICAL INDUSTRY OVERVIEW





## / PHARMACEUTICAL INDUSTRY OVERVIEW

### 3.1 PHARMACEUTICAL INDUSTRY INTRODUCTION

The Company is a contract sales organisation (CSO) working with the pharmaceutical industry. In considering the Offer, it is important to gain a broad understanding of current industry activity and challenges that are currently formulating the market drivers and providing incentives for the Company's pharmaceutical industry clients to form a strategic alliance with CSOs.

Pharmaceutical organisations manage many challenges such as the high cost and the long time frame required to successfully develop new products. However, in recent times these organisations have been facing new competitive challenges brought about by industry wide changes such as declining research and development productivity and an increase in generic drug competition resulting from a high rate of patent expiries, both of which have in turn lead to a contraction in revenue. These factors combined have put pressure on pharmaceutical companies and has lead to an increase in corporate consolidation across the industry and other cost-control measures aimed at either regaining or sustaining profitability.

This global drive towards consolidation and cost cutting, by its very nature, is leading to Human Resource reductions to reduce overcapacity within traditional functional areas such as marketing and sales.

The need for pharma to maintain profit margins for Shareholders, despite the subsequent contraction in revenue, is forcing pharmaceutical companies to move towards a greater reliance on outsourcing of various traditional functions in order to streamline operations and improve operating efficiencies.

Australia's pharmaceutical industry is highly globalised and is dominated by multinational pharmaceutical companies who manage their local operations primarily through Australian subsidiary companies. Accordingly, decision making, and ultimately, the performance and direction of the domestic industry is heavily influenced by the strategies adopted by these multinational pharmaceutical companies. Hence, many of the challenges the global pharmaceutical industry has been facing are being replayed in Australia.





## 3.2 PHARMACEUTICAL INDUSTRY CHALLENGES

### 3.2.1 DRUG DEVELOPMENT – HIGH COST AND LONG TIME FRAME

Drug development is a costly, lengthy and highly regulated process. It requires immense resources, which include the best scientific minds, highly sophisticated technology, capital and complex project management. From the time a potential candidate compound is discovered, to when it is available for patient use, it is estimated to take between ten to fifteen years and cost in excess of US \$2.6 Billion<sup>8</sup>.

The following diagram outlines the key drug development stages<sup>9</sup>.

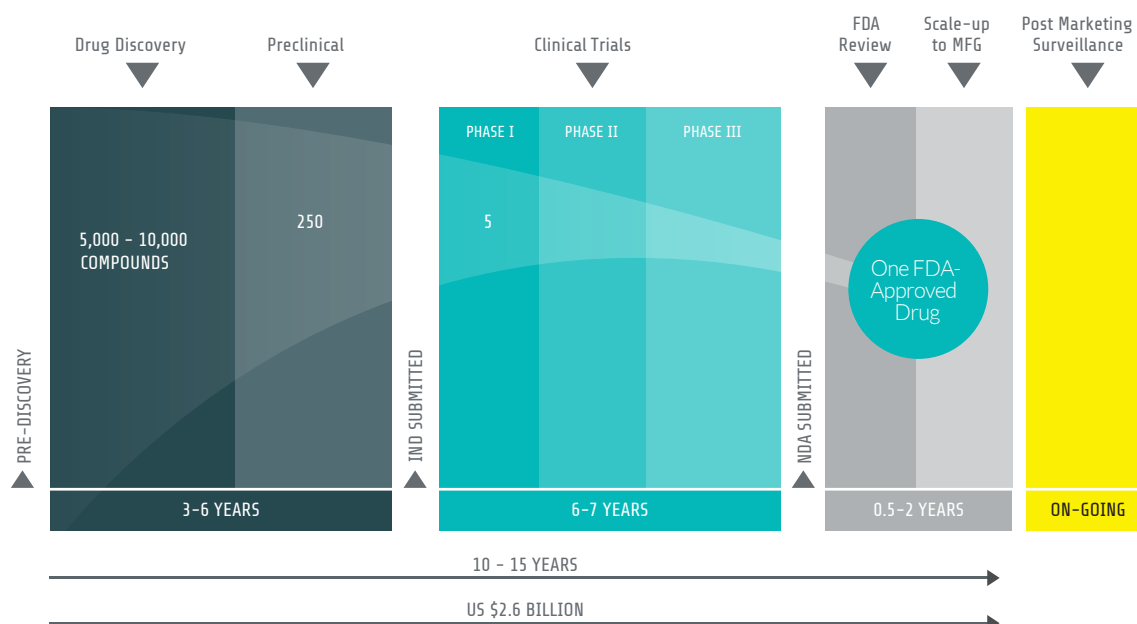


Diagram: Drug Development Stages

### 3.2.2 EXPIRING PATENTS – LIMITED PROFIT MAKING TIME FRAME

Patents offer protection for inventions, including therapeutics (pharmaceuticals), that meet certain criteria, including, being useful, novel and involving an inventive step. These patents provide the patent holder with a legal right to exclude others from producing or selling an invention for a period of up to 20 years<sup>10</sup>. This allows for the recoupment of investment through higher pricing that is afforded by the monopoly.

In the pharmaceutical industry, patent expiration allows for immediate and aggressive competition from generic drugs, which sharply drives down pricing. Patent expirations have the greatest impact on a pharmaceutical organisation's revenue, particularly when they occur to "blockbuster" drugs (drugs with sales in excess of US \$1 billion per year).

<sup>8</sup> DiMasi, Joseph. 'Innovation In The Pharmaceutical Industry: New Estimates Of R&D Costs'. 2014. Presentation.

<sup>9</sup> PhRMA (2007). Drug Discovery And Development: Understanding The R&D Process

<sup>10</sup> Article 33 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)



Many blockbuster patents held by pharmaceutical companies have expired in recent years or will expire in the next few years. As a result, billions of dollars worth of global sales are potentially at risk, and there are fewer new blockbusters in the pipeline to replace those lost revenues. It is estimated that approximately US \$250 billion in sales will be at risk between 2012 and 2015<sup>11</sup>.

### 3.2.3 FEWER NOVEL DRUGS APPROVED

The industry's productivity is declining as evidenced by fewer novel drugs receiving regulatory approval despite the increased spending on R&D by large pharmaceutical companies. By way of example, 50% fewer new chemical entities were approved between 2005 and 2010 than the preceding 5 years<sup>12</sup>. A decline in new drugs being produced means a reduction in revenue making opportunities.

### 3.2.4 GENERIC DRUGS – INCREASED COMPETITION

Generic drugs are chemically identical and bioequivalent to novel drugs, with an identical dosage form, safety profile, intended use and patient population. That is, they contain exactly the same ingredients and exhibit almost identical pharmacological properties and are labelled to be used for the same indications as the innovator drug.

As the number of novel drugs that are losing patent protection continues to grow, so has the opportunity for generic drug manufacturers

to copy these innovative drugs. Which in turn leads to price reduction.

Studies in 2008 revealed that generic drugs accounted for 68% of all prescriptions written in the United States as at December 2007<sup>13</sup>. Today, nearly 80% of all prescriptions filled in the United States are generic drugs<sup>14</sup>. Generics continue to represent a significant proportion of prescriptions worldwide. Moreover, as a result of key patent expirations, and increased generic penetration, global sales of generic products reached US \$269 billion in 2012, and is predicted to reach US \$518 billion in 2018<sup>15</sup>.

Research suggests that drugs with U.S. annual sales of over \$250 million prior to first generic entry typically lose 89% of revenue in the first 12 months after generic competition is introduced to the market for patient use<sup>16</sup>.

### 3.2.5 THE AUSTRALIAN PHARMACEUTICAL INDUSTRY CHALLENGES

In Australia, the pharmaceutical industry, and in particular the prescription medicines market, is primarily made up of innovator pharmaceutical organisations that supply most of the branded prescription drugs to the Australian market. As noted earlier, these organisations are typically a wholly controlled subsidiary of a global pharmaceutical organisation and as such share in the global industry challenges and trends.

In addition to exposure to global challenges, Australian pharmaceutical organisations face challenges specific to the local industry.

- 11 DeRuiter J et al. (2012). Drug patent expirations and the "patent cliff". (Available at <http://www.uspharmacist.com/content/s/216/c/35249>. Accessed in June 2015)
- 12 Paul, S. M. et al. (2010). How to improve R&D productivity: the pharmaceutical industry's grand challenge. *Nature reviews Drug discovery*, 9(3) 203–214.
- 13 Murray, A. et al. (2008). Prescription drug spending trends in the United States: looking beyond the turning point. (Health Affairs w151–w160)
- 14 U.S. Food and Drug Administration. Facts About Generic Drugs Infographic I (Available online at <http://www.fda.gov/Drugs/ResourcesForYou/Consumers/BuyingUsingMedicineSafely/UnderstandingGenericDrugs/ucm305896.htm>. Accessed in June 2015)
- 15 U.S. Food and Drug Administration. Generic Drug Products: Moving forward in a global environment. (Available online at <http://www.fda.gov/downloads/AboutFDA/CentersOffices/OfficeofMedicalProductsandTobacco/CDER/UCM420430.pdf>. Accessed in June 2015)
- 16 Grabowski, H. et al. (2013). Recent trends in brand-name and generic drug competition. *Journal of Medical Economics*, 2013, 6. (Available online at <http://fds.duke.edu/db/attachment/2575>. Accessed in June 2015)





The Pharmaceutical Benefits Scheme (PBS) is a national, government funded scheme that subsidises the price of a wide range of pharmaceutical drugs. This scheme aims to make standard medication accessible and affordable for all Australians.

In recent years, the Australian Government has introduced major pricing and disclosure reforms to help contain the increasing costs of the PBS. These reforms have effectively driven the price of pharmaceuticals even lower across the industry. As a result, the price of Australian medication is low relative to world market prices.

To compound the effects of relatively low prices, the size of the Australian population means that overall sales are small.

For example:

- > In 2011-12, Australia's expenditure on medication was \$18.8 billion<sup>17</sup>.
- > In 2012-13, benefit paid prescription pharmaceuticals accounted for approximately \$10 billion, for which the Australian Government provided the majority of the funding (\$8.9 billion) through the PBS<sup>18</sup>.

The culmination of global challenges and pricing pressure in the Australian market has constrained profitability for innovator pharmaceutical companies operating in Australia.

### 3.3 PHARMACEUTICAL INDUSTRY RESPONSE

In response to global and local industry challenges, pharmaceutical organisations have responded by consolidating their structures, leading to rationalisation of operations, reductions in head count and

a move towards a greater reliance on outsourcing of various traditional functions in order to streamline operations and improve operating efficiencies.

#### 3.3.1 CONSOLIDATION

The need for global pharmaceutical companies to grow profitability levels for Shareholders in the face of industry pressures has lead global pharma companies to reconsider their strategies, business models and cost structures.

Major pharmaceutical organisations have sought cost savings and economies of scale by merging with other pharmaceutical organisations, consolidating their business structures and undertaking numerous large-scale head count reductions.

As testament to this trend, industry professionals anticipate further mergers and acquisitions activity<sup>19</sup>.

It is estimated that the top ten global pharma companies laid off approximately 26,500 employees in 2011, 34,600 employees in 2012 and 27,900 employees in 2013<sup>20</sup>.

For example, in 2013, a large American multinational pharma company announced that it would layoff a significant number of employees as part of its plan to reduce annual spending. Similarly, in early 2014, a large British multinational pharma company also announced that it would increase headcount reductions significantly by 2016, with a large number of these employees being drawn from the sales and administration functions of the business.

17 Medicines Partnership of Australia (2014). "An introduction to the Pharmaceutical Benefits Scheme", 3. (Available online at [http://medicinespartnership.com.au/files/2013/02/20140224-gra-final-WEB-version-of-MA\\_PBS-booklet.pdf](http://medicinespartnership.com.au/files/2013/02/20140224-gra-final-WEB-version-of-MA_PBS-booklet.pdf). Accessed in June 2015)

18 "Expenditure and prescriptions in the twelve months to 30 June 2013" (Available online at <http://www.pbs.gov.au/statistics/2012-2013-files/expenditure-and-prescriptions-12-months-to-30-06-2013.pdf>. Accessed in June 2015)

19 EvaluatePharma (March 2015). "Pharma & Biotech 2014 in Review", 15-17. (Available online at <http://www.evaluategroup.com/PharmaBiotech2014inReview>. Accessed in June 2015)

20 Helfand, C. (2014). "The top 10 largest pharma layoffs in 2013". (Available at <http://www.fiercepharma.com/special-reports/top-10-largest-pharma-layoffs-2013>. Accessed in June 2015)



### 3.3.2 OUTSOURCING

Outsourcing has emerged as a commercially viable option for pharmaceutical companies. In a 2014 survey prepared by IMS Institute, 58% of life science companies (including pharmaceutical companies) surveyed planned to increased outsourcing into new geographies and business units<sup>21</sup>.

Initially, the pharmaceutical industry outsourced non-core activities such as IT and human resources. However, this has evolved over time and there is currently an increased trend towards outsourcing other core functions and processes such as manufacturing, R&D and sales and marketing. Not only has the outsourcing of these processes become increasingly prevalent, but they have also become more strategic in nature<sup>22</sup>. For example, pharmaceutical companies traditionally outsourced the sales and marketing functions to cover short-term vacancies in their in-house sales force or would do so to bolster their in-house sales force during product launches. Pharmaceutical companies have now expanded the traditional model to also include outsourcing to Contract Sales Organisations (CSOs) to develop either product specific or target market specific sales and promotional strategies.

### 3.4 CONTRACT SALES ORGANISATIONS

Recent trends in the pharmaceutical industry strategy to reduce head count and increase outsourcing activity provides an ideal market driver for CSOs.

A CSO is a specialist organisation that provides outsourced sales and product promotional services. This means that instead of an organisation employing its own sales

resources and building promotional capability and strategy, it engages a third party to supply such resources and services. These resources typically include sales representatives and associated resources, marketing and other collateral support services, contact centres, sales analytics and the mechanisms necessary for generating sales force effectiveness quantitative data.

In considering the myriad of global and local industry challenges facing the pharmaceutical industry, the CSO model offers a number of key advantages and savings when compared to direct employment.

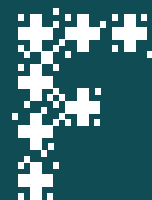
Some of these advantages include:

- > In respect of syndicated models, economies of scale and improved cost efficiencies as costs are distributed across multiple clients.
- > Flexibility in staffing needs as pharma companies can expand and contract their sales teams requirements as needed, and on short notice, thereby reducing fixed costs.
- > Rapid expansion into new geographic territories or jurisdictions where the pharma company has little, or no sales and marketing infrastructure. In this example, the CSO will provide the necessary infrastructure and local expertise on regulations and other customs.
- > CSOs, by concentrating on recruitment, training and appointment of in-field sales professionals, are expert service providers that enable faster project start-up when compared to traditional in-house model.
- > CSOs provide expert input and insight into new and varied ways of targeting and engaging HCPs.

21 Aitken, M. et al. (March 2014). Riding the information technology wave in life sciences: Priorities, pitfalls and promise. (Available online at [http://www.imshealth.com/deployedfiles/imshealth/Global/Content/Corporate/IMS%20Health%20Institute/Reports/Secure/IIHI\\_Technology\\_Report\\_2014.pdf](http://www.imshealth.com/deployedfiles/imshealth/Global/Content/Corporate/IMS%20Health%20Institute/Reports/Secure/IIHI_Technology_Report_2014.pdf). Accessed in June 2015)

22 Visiongain (2012) "World Pharmaceutical Contract Sales Market 2013 - 2023" Pg 31





# / SECTION 04

BUSINESS OVERVIEW





## / BUSINESS OVERVIEW

### 4.1 MISSION STATEMENT

"We create value for our Pharma partners by conceptualising and engineering revolutionary new sales pathways for their life changing medicines – we are incessantly building a great company that attracts and retains outstanding people who are passionate about being at the forefront of innovation and excellence." FarmaForce

### 4.2 INTRODUCTION

The Company is currently a wholly owned subsidiary of iQnovate Ltd, a scientifically driven life science asset management organisation focused on the global biopharmaceutical industry. The Company was incorporated in New South Wales on 28 January 2014 under the Corporations Act. On 14 May 2015, it was converted to a public company.

In keeping with its mission to create value for pharma partners, the Company seeks to take a partnership approach with clients and in doing so, it is able to provide its clients with a broad range of tailored solutions which are highly aligned and attuned to industry trends and which take account of each client's specific requirements, goals and in-house expertise in order to provide enhanced operational flexibility and cost effectiveness to drive overall sales performance.

Its capabilities are extensive and have been engineered to provide leading edge solutions that are a precise fit to the needs of the evolving industry in which it competes. These extend from shared or syndicated in-field sales teams right through to fully managed, dedicated national sales teams.

### 4.3 MILESTONES REACHED

Since inception the Company has successfully achieved many key milestones and laid a solid foundation that has prepared it for its next phase of growth. These include:

- i. Development of the Company's service infrastructure to address an unmet industry need and to provide a platform

for a strategic partnership centred around the core revenue generating element, pharmaceutical sales. This infrastructure evolved around attracting a talented team, building a service delivery model that placed the client's needs and objectives at its heart and increasing the Company's Healthcare Professional (HCP) promotional network.

- ii. Collaborated with a multi-national cloud based data solutions organisation to develop a custom built customer relationship management (CRM) system to capture the Company's interaction with HCPs and other market data necessary to assist the Company to deliver the foundation needed for effective, multichannel sales and promotional services. The Company's CRM provides rich insight and allows the Company to become more effective in its service offering by employing more targeted engagement strategies, underpinned by the most accurate customer data available.
- iii. Assembled high calibre high performance management team that includes award winning and highly experienced senior sales and business development management personnel.
- iv. Built corporate profile by establishing the company's website and implemented concentrated targeted marketing campaigns focussing on industry specific conferences and events, journals and publications.
- v. Attained membership with peak pharmaceutical industry body – Medicines Australia.
- vi. Successfully engaged clients, including multinational pharmaceutical company clients.
- vii. Recruited and deployed national in-field sales teams.



#### 4.4 STRATEGIC BUSINESS MODEL

Looking forward, the Company has engineered a business model that will build on milestones achieved, and capitalise on the Australian CSO market opportunity. To this end, the Company has:

BUSINESS MODEL COMPONENT	REFER SECTION
Developed a unique and competitive Market Position.	Section 4.5
Clearly identified Target Clients.	Section 4.6
Developed a Service Model that offers a viable and competitive solution to engaging in-field sales professionals.	Section 4.7
Created flexible Service Options that respond to current demand drivers in the Australian CSO market.	Section 4.8
Developed a Revenue Model that offers a suite of revenue options beyond the traditional fee for service model and a broad scope of potential terms.	Section 4.10
Developed a Human Capital Strategy that is people centric, focusing on continuous improvement through learning and development. FarmaForce considers its recruitment philosophy, learning and development strategy, and corporate culture as being of fundamental value to the Company's success.	Section 4.11
Developed a Business Development and Marketing Strategy that identifies effective sales and promotional initiatives aimed at building the Company's brand and increasing its client base.	Section 4.12
Developed an Operational infrastructure that takes advantage of state of the art online and mobile technology.	Section 4.13
Assessed the Competitive landscape and concluded on the nature and intensity of competition that it faces in building its brand and increasing its client base.	Section 4.15
Identified key Strategic Growth Opportunities to drive the Company's development, through differentiation of market positioning, service offering and business model.	Section 4.14





## 4.5 MARKET POSITION

The Company is highly passionate about 'innovation', 'excellence' and 'leadership' and these words perfectly characterise its market positioning.

### 4.5.1 INNOVATION

The Company is innovative in its approach to the market and its clients. It offers a broad range of innovative sales force solutions.

It has developed a dynamic service model which is focused on providing clients with tailored solutions which are specifically aligned to the client's "wants", attuned to industry trends and which address in a definitive and dynamic way, each client's cost savings objectives. Whilst at the same time, providing real time data<sup>23</sup> enabling realisation of the Company's sales teams' in field effectiveness.

The Company is focused on providing a true strategic partnership with a focus on an integrated service offering and not just sales. Our membership with Medicines Australia not only aligns our interests with those of our clients, but also demonstrates our commitment to delivering effective, compliant and efficient results for our clients.

In addition, the Company's vision of achieving sales force excellence is further exemplified through its focus on coaching, development and leadership rather than simply managing our in-field sales professionals. The Company's service model is differentiated by its focus on people. This is achieved by increasing the ratio of managers to in-field sales professionals and providing these managers with more in-field time with their team members, enabling them to coach and mentor their people.

### 4.5.2 CENTRE OF EXCELLENCE

As testament to its commitment to excellence, the Company intends to create a centre of excellence through investment in a dedicated educational and operational facility that is to be named the Centre of Excellence (COE).

The COE is where the Company will house, create and deliver its talent development and foundational leadership programs, as well as provide technical training. FarmaForce aspires, through the COE, to enable thought leadership and set a new industry paradigm, traversing across industry excellence and touching patients lives, through the promotion of Quality Use of Medicines principles. The ultimate objective is to exemplify the core values that epitomise the Company's dedication to excellence, reiterating its commitment to continuous learning and development, creating inspired teams, setting the infrastructure to create future industry leaders and ultimately becoming a thought leader and reference in the industry.

The Company is currently considering locations within Australia's premier pharma hub, Macquarie Park, Sydney NSW.

Centre of Excellence Key Objectives:

- > The COE will provide a state of the art training facility designed to provide staff with effective and leading edge education. This forms part of the Company's initiative to develop people into future leaders, effective professionals and ambassadors for the Company and its values.
- > The COE will provide a destination where clients and prospective clients can interact with the Company's team members.
- > The COE will provide a venue for Company organised and sponsored seminars, Scientific Satellite symposia, corporate and other networking events.
- > The COE will support business development by offering the business development team a venue in which to hold meetings and solidify relationships with current and prospective clients.
- > The COE will establish the Company as a highly desirable destination for outstanding individuals who are passionate about being at the forefront of innovation and excellence in the pharmaceutical sector and as such, contribute to the Company's recruitment and retention strategy.

<sup>23</sup> See Section 4.11.1 for further details of the Company's 360 Feedback assessments



#### 4.5.3 MEMBERSHIP OF MEDICINES AUSTRALIA

The Company is the only CSO to date, that is a member of Medicines Australia, an organisation that represents the discovery-driven, novel pharmaceutical industry in Australia.

Medicines Australia is also represented at the International Federation of Pharmaceutical Manufactures & Associations (IFPMA).

Members are required to follow the Medicines Australia Code of Conduct, which sets the standards for the ethical marketing and promotion of prescription pharmaceutical products in Australia. It complements the legislative requirements of the Therapeutic Goods Regulations and the Therapeutic Goods Act.

The Company's membership not only demonstrates our commitment to the highest standards, but also provides exposure within the pharma industry and closely aligns our interests and obligations with other members who are also our potential clients.

#### 4.5.4 ISO ACCREDITATION

The Company has applied for an ISO 9001:2008 accreditation, and has significantly progressed in the implementation process.

An ISO9001:2008 standard accreditation is a global measurement of qualitative standards, which measure the standard of an organisation's management systems. An ISO9001:2008 accreditation represents a recognition that the Company has in place quality management systems characterised by a strong customer focus, a process driven approach, the continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

If received, as the only CSO in Australia that will bear this accreditation, the Company will likely be well placed to leverage its accreditation as a competitive advantage in the pharma industry. The company contemplates receiving ISO accreditation by the end of 2015.

#### 4.5.5 LEADERSHIP

At the very core of the Company's business are its people who represent its most prized asset and its clients who it serves.

As an industry leader, the Company is committed to:

- > Ensuring its employees are nurtured, provided learning and development opportunities, and are inspiringly led.
- > Establishing a high-performance culture that inspires its employees to pursue the Company's vision of innovation and excellence.
- > Creating and adopting key operational indicators and promoting sound decisions in all functional areas within the Company.
- > Create the most effective and valuable CSO in the Australian pharmaceutical industry.
- > Inspire the entire industry by example through its dynamic and innovative service delivery model.
- > Investing the time to understand clients goals, define and develop effective commercial strategies and brand objectives.
- > Providing clients with the most effective solution which is tailored to their specific needs.



#### 4.6 TARGET CLIENTS

The Company's target market is the Australian pharmaceutical industry.

Target client segments within this industry include pharmaceutical organisations with innovative, patent protected or patent expired pharmaceutical products for both prescription as well as over the counter (OTC) sale, as well as those entities with the requisite marketing authorisations to supply therapeutic goods in Australia.

The Company's core target clients are those pharmaceutical companies who are members of Medicines Australia and represented at the International Federation of Pharmaceutical and Manufacturers Association (IFPMA). These member companies each:

- > have a broad portfolio of pharmaceutical products; and
- > are the major suppliers of branded prescription drugs to the Australian healthcare system.

Almost all of these targets are global pharma companies that manage their local operations primarily through Australian subsidiary companies.

The Company also provides services to local non-member companies as well as overseas-based pharmaceutical companies seeking to gain a foothold in the Australian market. These companies have little, if any, local infrastructure and the Company, through its broad range of sales force solutions and affiliations, can provide a valuable and strategic partnership proposition.

#### 4.7 SERVICE MODELS

Pharma companies invest significant resources into educating and promoting their products to HCPs with the objective of positioning their products favourably amongst them.

There are three broad categories of HCPs:

- > General Practitioners
- > Medical Specialists
- > Pharmacies

General Practitioners (GPs) and other frontline Physicians are typically the first point of contact in the healthcare system for patients. They provide primary diagnosis and treatment to patients or refer them for specialist care or hospitalisation where they require specialised medical services.

If it is the medical opinion of the GP, or Specialist (the prescribers), that the patient will benefit from administration of pharmaceutical intervention, they provide the patient with a prescription (script), which in turn can only be filled by a qualified pharmacist.

Hence, GPs and Specialists are fundamental to the diagnostic and subsequent therapeutic algorithm thus formulating the decision of what to prescribe, which will better serve the patient's needs.

Key Facts:

- > It is estimated that there are over 44,000 GP practices across Australia, almost half of which are sole proprietorships and less than 1% of the establishments had 20 or more employees as June 2013<sup>24</sup>.
- > The Medical Specialist segment of the profession is made up of registered medical practitioners that provide specialist medical services.
- > The pharmacy industry is considered an integral part of Australia's healthcare system. The nation's 5,500 pharmacies are the primary distribution points for prescription and scheduled OTC medicines, and are expected to dispense over 290 million prescriptions in 2014-15.
- > The industry is highly fragmented and is made up of a large number of individual operators.

24 ABS, Counts of Australian Businesses, including Entries and Exits, Cat No. 8165.0, June 2013



#### 4.7.1 MODEL 1 – EMPLOYED IN-FIELD SALES PROFESSIONALS

Pharma companies engage in-field sales professionals to educate and promote their products to HCPs. These are typically sales professionals who are usually grouped into teams and have a portfolio of products they promote. Traditionally, pharma companies have engaged in-field sales professionals by way of direct employment.

The following diagram outlines the distinct roles of the various stakeholders within the healthcare system and the service model reflecting employed in-field sales professionals performing the education and promotions function.

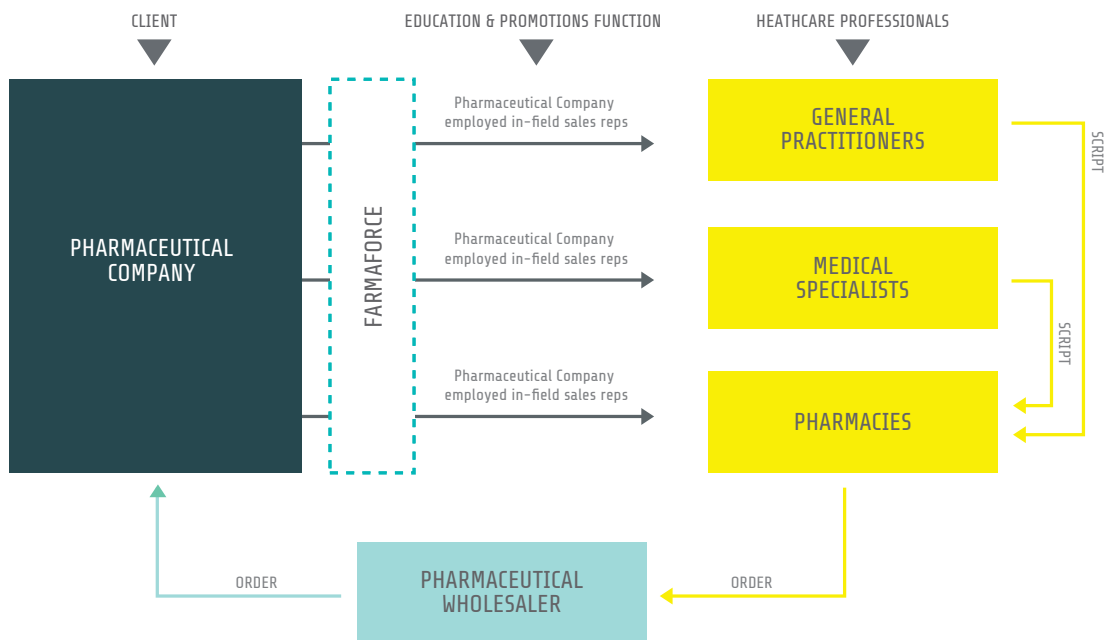


Diagram: Service Model with Employed In-field Sales Professionals





#### 4.7.2 MODEL 2 – OUTSOURCED IN-FIELD SALES PROFESSIONALS

As a CSO, the Company will enter a service agreement with the pharmaceutical companies to provide the required in-field sales professionals.

These in-field sales professionals will be focused primarily on promoting and educating the HCPs on client products, comparative advantage and the comparative benefit the patient may experience.

In essence, the Company's service model offers pharma companies an integrated sales force solution that provides enhanced operational flexibility, cost effectiveness and a platform with an array of services to deliver bespoke services to drive overall sales performance.

Key benefits of the Company's CSO solution:

- > Tailored sales team solutions structured to improve the return on investment on sales activities.

- > Leaner and more agile sales model with short or long term contracting options, without the need to assume the risks of employing a full time in-house team.
- > Wider sales promotional coverage through the Company's nationwide sales teams.
- > Through its innovative service model, the Company is able to promptly build a new, fully operational sales team with suitably qualified professionals, experienced in relevant therapeutic areas.
- > Full transparency through the provision of qualitative and quantitative reporting analytics. This includes independent third party data and is further facilitated by the use of digital sales aids to support the timely reporting of high-level analytics on the sales process and outcomes of in-field sale teams.

The following diagram outlines the distinct roles of the various stakeholders within the healthcare system and the service model which depicts the Company providing the in-field sales professionals who perform the education and promotions function.

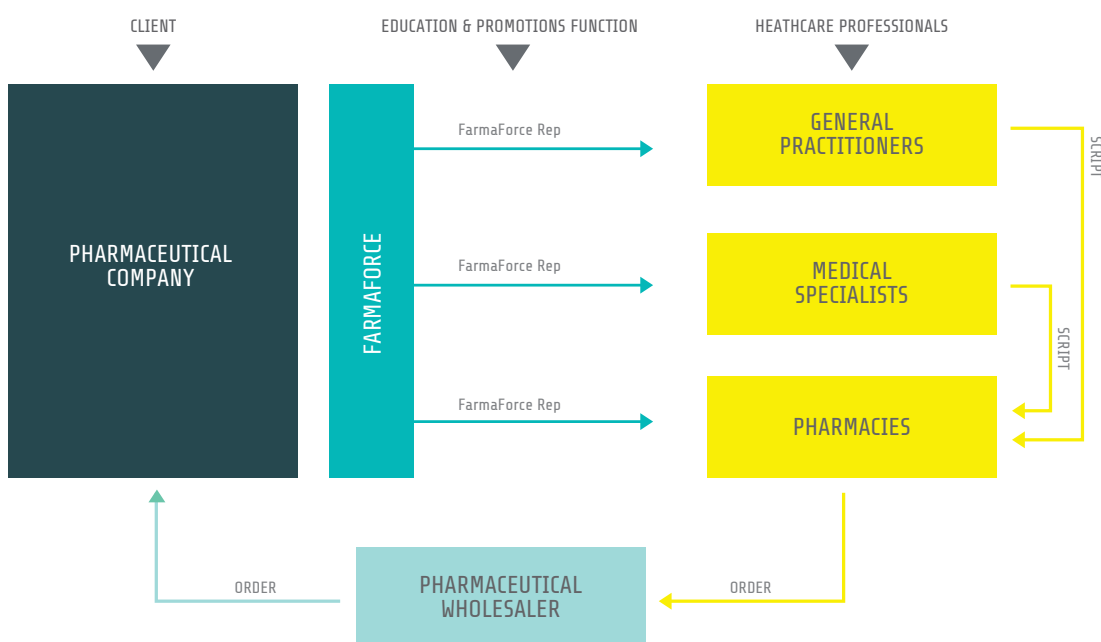


Diagram: Service Model with Outsourced In-field Sales Professionals





Within this paradigm, the Company assumes a strategic role that is objectively aligned with the interests of all stakeholders. The Company offers accurate, balanced and up to date scientific information about pharmaceutical products to prescribers. This demonstrates to the industry that the Company's sales professionals are not only knowledgeable, but that they are experts. This ensures that the GPs and Specialists who rely on this service can trust the Company's sales professionals to provide expert information.

#### 4.8 SERVICE OPTIONS

The Company's core service offering is the provision of contracted sales force solutions.

These are offered in two sales force models:

- > Syndicated teams
- > Dedicated teams

In addition to sales force solutions, the Company offers other distinct services:

- > Nurse teams
- > Pharmacy teams

##### 4.8.1 SYNDICATED TEAMS

Syndicated teams promote a number of products on behalf of multiple pharmaceutical companies on a single visit to HCPs. Although there are a number of products represented by any one team, these products do not compete with each other. Under the syndicated sales team model, a syndicated team will typically represent between two to four products and promote these products in an assigned order of priority. The quantity of time spent promoting each product during a single HCP meeting is determined by the position that product occupies in the product portfolio order of priority.

By way of example, a syndicated sales team representing three products on behalf of three different companies will have assigned to each product, a priority position between one and three. Under the syndicated model, each product will be promoted during a HCP meeting as follows:

- > Primary position will be the first product promoted and will typically occupy 55% of the duration of the HCP meeting. Pharma clients who have their products in position 1 have greater control over the type of HCPs the syndicated team engages.
- > Secondary position will be the second product promoted and will typically occupy 35% of the duration of the sales call.
- > Tertiary position will be the final product promoted and will typically occupy 10% of the duration of the sales call.

Clients may occupy more than one position within a syndicated team's product portfolio.

The Company's syndicated teams can potentially offer pharma companies strategic benefits when compared to their current sales infrastructure. By sharing the cost of the in-field sales professional, the cost to each client of sending sales professionals to meet a HCP is significantly reduced.

Key Benefits:

- > A shared sales team is typically more cost effective due to the leveraged synergies available between non-competing clients.
- > The Company typically retains management responsibility of all syndicated teams and as such, it takes ownership of sales goals and outcomes.

In circumstances where the Company is engaged to promote competing products (such as those products labelled to be used for the same indications), the Company will ordinarily allocate these competing products to different syndicated teams to ensure that sales professionals best serve their clients interest while maintaining complete confidentiality irrespective of other competing products in the Company's portfolio.



#### 4.8.2 DEDICATED TEAMS

A dedicated team, as the name suggests, is a sales team structured to service the needs of one client. The team may promote up to four products for any one client.

##### Key Benefits:

- > Clients can determine the commercial strategy including the size of the sales team, team KPIs, requirements, geographical boundaries and locations of sales territories across Australia.
- > An ability to promote the client's product(s) to specified Australian HCPs according to targeted profiling and segmentation criteria.
- > Clients have greater input into all aspects of team logistics and deployment.
- > For overseas pharma companies, that desire to create a commercial presence in Australia without assuming the risks commensurate with establishing local teams and infrastructure, ultimately lowering the risk of entering new markets and regions by leveraging the Company's commercial infrastructure and knowledge of local regulations and procedures.
- > Clients are able to set flexible contract length and terms.

#### 4.8.3 NURSE TEAMS

The Company provides nurse teams to assist clinic staff and patients in the promotion and practise of the quality use of medicines and quality medical care. They also assist with identification and screening as a service to patients and doctors along with patient education and support programs. Nurse teams also assist with screening and vaccination programs for pharmacies and corporations that run seasonal vaccination services for staff.

##### Key Benefits:

- Clients can determine the commercial strategy including the size of the team, team KPIs, requirements, geographical boundaries and locations across Australia.
- Offers the ability to promote the client's product(s) to specified Australian HCPs according to targeted profiling and segmentation criteria.
- Clients have greater input into all aspects of team logistics and deployment.
- Clients are able to set flexible contract length and terms.

#### 4.8.4 PHARMACY TEAMS

The Company offers a unique and innovative approach to pharmacy representation. Historically, pharma companies have used the services of brokerage companies to promote their products to pharmacies. This typically involved the brokers promoting products from a number of their clients, essentially competing for product coverage with time poor pharmacists and pharmacy product shelf space for OTC products.

##### Key Benefits:

- > The Company provides national teams that concentrate purely on a small portfolio of products, ensuring that clients receive a true "share of voice" within pharmacy.
- > With a more dedicated approach, the Company may build and strengthen relationships with its clients' key customers, thus developing and expanding the awareness of their products. This point of difference allows the Company to drive marketing strategies by concentrating on product placement, education and training in addition to building advocates within pharmacy to increase product recommendation.
- > The pharmacy teams will seek to maximise exposure and prominence of a client's products within a pharmacy with product positions that are more noticeable and accessible for pharmacy clients.



#### 4.8.5 DIGITAL SALES SOLUTIONS

This solution involves integrating digital detailing (promotional information) into a pharma company's sales strategy. This is achieved by using digital sales aids, such as tablets, to create and showcase interactive and practical digital sales content. For example, digital sales content may include key opinion leader videos and/or access to key clinical trial data. Digital aids also facilitate the updating and redeployment of sales aid content nationwide in a quick and seamless way. Digital sales solutions are designed to improve effectiveness in HCP engagement and as a result, sales outcomes.

#### 4.9 CURRENT SERVICE AGREEMENTS

As detailed at Section 4.6 Target Clients, the Company's target market consists of those pharmaceutical companies currently engaged in, or those looking to enter, the Australian pharmaceutical industry. At the date of this Prospectus, the Company's existing clients consist of multinational pharmaceutical companies or their local subsidiary operations that have engaged the Company to provide services in respect of their innovative and patent protected pharmaceutical products.

Since inception, the management team has taken a strategic longer-term view to the Company's development, and has prioritised its resources towards establishing the Company's infrastructure. Given the Company's resource allocation policies and its current operational and developmental phase, the Company currently has in place a limited number of client engagements. These engagements vary in length and are generally short-term in nature and typically range between six and twelve months in duration. In the FYE 30 June 2015, being the Company's first full financial year of operation, the company has invoiced clients a total of \$502,921 from the provision of its services under the client service agreements.

See Section 9.6 Client Agreements for further details.

These client service agreements represent the only current sources of revenue for the Company. However, the Company is currently in preliminary discussions with other

potential pharmaceutical company clients and also intends to procure other service engagements beyond the current agreements as it implements its business development and marketing strategies.

#### 4.10 REVENUE MODEL

The Company generates revenue from the provision of contract sales services to pharmaceutical companies. The scope of each service agreement is negotiated and awarded separately and varies according to several factors.

The scope of each contract will vary according to factors including:

- > Type of service or sales team model, that is, syndicated team(s) or dedicated team(s).
- > Size of team(s) and the team(s).
- > Geographic coverage required.
- > Type of HCPs targeted and their geographic location.
- > Agreed performance targets and corresponding incentive schemes arranged for the sales team(s).
- > Profit sharing arrangements.
- > Type of product represented: drug, device or diagnostic.

The Company's revenue model is unique and is dependant on the type of service being provided. The Company's revenue model will ordinarily consist of a combination of the following:

- > Fee for Service arrangements.
- > Fee for Service and Profit Sharing arrangements. Under these arrangements, profit is typically determined as the additional revenue generated in respect of the promoted product above an agreed revenue threshold.
- > Agreed Performance Targets with corresponding success fees.
- > Turnkey Partnerships arrangements. These are typically engagements with multinational pharma clients who are yet to be fully established within the Australian market. These clients typically have little, or no, operational infrastructure available to them in Australia. They typically engage the Company to provide a total outsourcing solution for their marketing function.



The above fee arrangements can be utilised within either of the service options detailed at Section 4.8 Service Options.

In respect of the syndicated client service option, a client's fee obligation is determined by the position the client will occupy in the syndicated service structure and the corresponding percentage entitlement to promotion during a sales call.

Position options:

- > Primary Position
- > Secondary Position
- > Tertiary Position
- > Quaternary Position (if offered)

Refer Section 4.8.1 Syndicated Teams for further details.

Contract fees are typically structured to include an up-front fee component and recurring fees, usually accrued and payable monthly, over the duration of the engagement.

#### 4.10.1 IN-FIELD SALES PROFESSIONALS LABOUR COST

The Company's service offering involves the provision of specialised human resources as part of the sales force solutions offered to clients. As such, the cost of in-field sales professionals represent a material cost component of the Company's operations.

The Company has sought to create a business model where labour costs for in-field sales professionals varies directly and in proportion to the Company's revenue stream.

Following the procurement of a client service engagement, in-field sales professionals will, depending on the type of service engagement, be utilised from existing teams or recruited as allowed for in the engagement.

In-field sales professionals are also typically contracted on a project-by-project basis. Thus, the Company will largely be incurring labour costs associated with in-field sales professionals at a time that it has corresponding revenue producing client service engagement(s) to which in-field sales professionals are appointed.

In the event a client seeks to cancel the service agreement with the Company, the service agreement enforces a cancellation notification period that exceeds the notice period the Company is required to give in-field sales professionals. This means that if a client cancels an agreement, the Company is unlikely to incur ongoing labour costs associated with that client engagement.

In recruiting and appointing in-field sales professionals, the Company uses specialist recruitment professionals to identify appropriately skilled candidates from within the workforce. These candidates are typically either employed in similar roles within other organisations or have extensive industry experience, and are buoyed by the prospect of joining an organisation with a broad product portfolio, an emphasis on accountability and an increased ratio of in-field managers to in-field sales professionals.

#### 4.11 HUMAN CAPITAL STRATEGY

The Company is committed to building a contract sales organisation that sets a new benchmark in pharmaceutical sales force efficiency for the Australian Pharmaceutical Industry. To achieve this goal, it recognises that it must empower and develop its core asset – its people.

Success will be delivered through its people and as such, it is the Company's responsibility to ensure that its people are nurtured, inspired and provided with an optimal learning and development environment and career development pathways.

The Centre of Excellence (Refer to Section 4.5.2 Centre of Excellence) will provide the Company with a venue for human resource training and development. Employees will be provided with training, development and coaching opportunities designed to drive engagement, retention, growth and increase productivity.

Human Capital management and execution of all recruitment, training and development will be the responsibility of the Company's human resource division.



#### 4.11.1 HUMAN RESOURCES STRATEGY

The Company recognises that in order to improve bottom line performance, attract and retain talent, and create an engaged culture it needs to invest wholeheartedly in leadership development.

The Company searches for individuals with a natural aptitude and set of behaviours that align to those of strategic leadership positions and who are committed to developing the skill set necessary to make the most of their abilities and move through the Company's leadership pipeline.

This human resources strategy is underpinned by six core elements. The following diagram outlines these six elements.

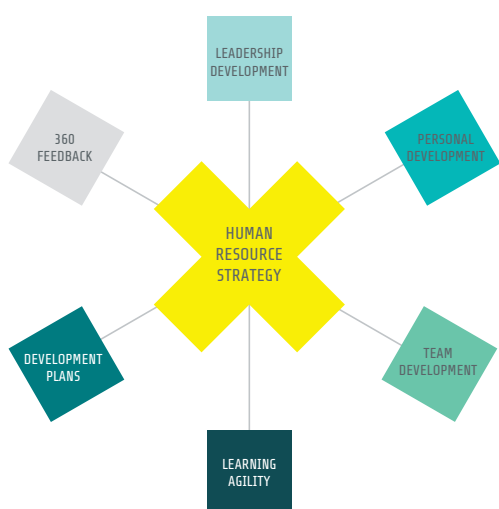


Diagram: Human Resource Strategy

##### Leadership development

The Company creates a strong competency base that aligns with the Company's overall business strategy then integrates competencies into the Company's leadership development strategy.

Elements of leadership development:

- > Personal Development - The Company creates personalised development plans that align with the individual's role, needs and career aspirations.
- > Team Development - The Company is committed to creating high performance teams, which are a key to success in the pharmaceutical industry.

- > Developing Learning Agility - The Company develops people who embrace learning, solve complex problems and easily adapt to change.
- > Development Plans - The Company creates effective, actionable, employee performance and development plans.
- > 360 Feedback - The Company provides its people with 360 feedback assessments. These are standardised, validated and benchmarked. They are also administered and interpreted by suitably qualified human resource professionals within the Company. This process typically includes direct feedback from a person's subordinates, peers (colleagues), and supervisor(s), as well as a self-assessment.

#### 4.12 BUSINESS DEVELOPMENT AND MARKETING STRATEGY

##### 4.12.1 BUSINESS DEVELOPMENT

The Company has adopted a deliberate and systematic approach to business development which is broadly based on building a sales pipeline with target clients, establishing new clients and providing the optimum level of service which ensures client retention and referrals.

##### Business Development Strategy

The Company will achieve its business development strategy by delivering on the following objectives:

- > Build a pipeline of potential new clients by proactively engaging with clients, and identifying value add opportunities.
- > Gain an understanding of the client's business model, structure, objectives and long range planning.
- > Incentivise existing clients to allocate more products by providing revenue dependent rebates.
- > Develop a strategic relationship with key stakeholders within client organisations and leverage those relationships to better position the Company to provide additional services, expertise and insights where possible.
- > Systematically educate potential clients on the competitive advantage of outsourcing and capitalising on economies of scale.



- > Develop the Company's thought leadership status, solidify FarmaForce's role as a trusted advisor on the client's sales strategy.
- > Reinforce the Company's value add to bottom line through case studies.
- > Identify new client market segments and opportunities.
- > Monitor competitor activity.
- > Scale the Company's sales force into major Australian cities and regional centres.
- > Develop the Company's presence through our continued membership of various industry organisations, and the attendance and sponsorship of industry events.

#### 4.12.2 MARKETING

The Company undertakes marketing activities that are aimed at positioning it as a CSO of choice that exemplifies excellence and translates that excellence into bottom line revenue. These activities further enhance the Company's share of voice within the industry and support its business development cycle.

##### Marketing Activities:

- > Profile the Company through strategic advertisements in leading Australian pharma industry publications, journals and other relevant print and online media and contribute original editorial content pertinent to the industry, further reinforcing thought leadership.
- > Intensify the Company's online (digital) presence and messaging with the "decision makers" through targeted placement of corporate promotional messaging.
- > Initiate and sponsor symposia and meetings for pharma industry managers and executives by delivering global velocity educational seminars through international guest speakers and bespoke content.
- > Exhibit at and sponsor leading pharmaceutical conferences and industry events across Australia. Such events provide the Company with a platform to initiate contact and develop relationships with key target client stakeholders whilst profiling the Company amongst the broader industry.

#### 4.13 OPERATIONS

The Company's standard operational process and infrastructure has been formulated and implemented in such a way that it enables its people to provide a bespoke service to its clients, never losing sight of its customer centric focus.

##### 4.13.1 ONLINE PLATFORM

A key element of the Company's operations is the development of its innovative online sales and resource-planning tool. This will enable the clients to integrate with the Company's back end Information Technology system and provide sales planning and resource management tools. By providing this tool, the clients will have full visibility of the Company's resource allocation and capacity over a defined time period. This platform will provide the Company's clients with tools that will assist them in planning, budgeting and modelling their future outsourcing and sales requirements. As well as providing the Company with a mechanism to seamlessly engage new clients that are just utilising the tool to forecast or for scenario planning. This platform is currently under development and it is anticipated that this will be completed by the fourth quarter of 2015.

##### 4.13.2 CLIENT ANALYTICS REPORTING

The Company is able to provide thorough and detailed reporting to clients on sales activity including sales measurements and product intelligence both through its adoption of industry leading CRM and its provision of independent third party analytics.





#### 4.13.3 GEOGRAPHIC PRESENCE

##### Head Office

The Company's head office currently operates from offices in Sydney, NSW.

##### State Offices

Due to the high concentration of target clients and HCPs in Melbourne and Brisbane, the Company intends to establish a physical presence in these locations.

##### The Centre of Excellence

The Centre of Excellence will likely be located in Macquarie Park, Sydney, NSW, or there about.

These multiple locations will provide Company staff with premises in which to hold client meetings, participate in regular sales training and manage future recruitment programs.

These premises are expected to be operational within the time frame of early to mid 2016.

#### 4.14 STRATEGIC GROWTH OPPORTUNITIES

The Company intends to focus on organic business growth.

It will also consider strategic growth opportunities available by way of acquisitions and joint ventures where these activities offer potential gain by way of economies of scale, established client contracts, enhanced service offerings, an expanded geographic presence or other benefits.

Should an opportunity be pursued beyond preliminary evaluation and due diligence, the Company may require, and will consider, various funding options to finance the opportunity, which may include raising new capital from Shareholders, existing or new, debt financing or other commercial or financial options available depending on the circumstance and what provides the best result for Shareholders.

#### 4.15 COMPETITION

The Company operates in the Australian pharmaceutical industry offering CSO services market.

There are currently two other CSOs operating in this industry, one organisation has been operating for approximately fourteen years and specialises in the provision of nurse teams. The second organisation is a recruitment firm that has also been offering pharmaceutical contract sales services for approximately five years.

The Company believes that the current Australian CSO market is underdeveloped and requires a comprehensive and strategic pharmaceutical CSO offering for the local pharma companies. The Company will seek to fill this requirement.

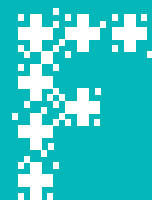
The Directors and management team believe that the Company's service offering can be readily differentiated from those of its competitors. This is particularly so, given that the Company provides a broader range of services and undertakes to enter into strategic partnership with its clients rather than simply providing ad-hoc services.



THIS PAGE IS LEFT BLANK INTENTIONALLY







# / SECTION 05

DIRECTORS AND CORPORATE GOVERNANCE





## / DIRECTORS AND CORPORATE GOVERNANCE

The Company is supported by a leadership team with years of medical and pharmaceutical industry and business advisory experience. The Company's Board of Directors (the Board) comprises of individuals who have held partnership and key management positions in businesses across the health and human services and accounting and finance industries. Collectively, they possess the core skills and competencies necessary to effectively manage an organisation engaged in the health and human services industry.

### 5.1 DIRECTOR PROFILES

#### 5.1.1 MR GEORGE ELIAS, INDEPENDENT NON-EXECUTIVE CHAIRMAN. AGE 50

Bachelor of Commerce (University of New South Wales), Diploma of Financial Planning (Dip.FP), Member CPA Australia, ASIC RG 146 Compliant (Securities), Member Financial Planning Association of Australia.

George has over 30 years experience in providing accounting and business advisory services. During this period, he has been involved in providing taxation and business advice to small and medium sized enterprises, including business structuring, cash-flow forecasting, taxation and superannuation structure support and advice.

George is currently the principal at Elias Financial Services and has been providing financial and accounting advice as principal since July 1991. His business and financial acumen, coupled with his experience in dealing with a variety of challenges in different business environments gives him the necessary skills to chair the Board and provide strategic leadership to face any challenges that may arise.

#### 5.1.2 MR DANIEL MORATO, EXECUTIVE DIRECTOR, GENERAL MANAGER. AGE 47

Bachelor of Pharmacy.

Daniel is an Executive Director of the Company by virtue of his position as General Manager. He is responsible for all aspects of daily operations of the Company. Key functions include but are not limited to:

- > Providing leadership to the FarmaForce management team.
- > Ensuring business development, sales and general operations are tracking as forecasted.
- > Ownership of key performance indicators.
- > Contributing to the development of the Company's business strategy.

Prior to joining the Company, Daniel enjoyed a career in the pharmacy industry that spanned over twenty years. Much of this time was spent as a pharmacy proprietor and advisor. Establishing and managing numerous pharmacies during his career has given Daniel an in-depth understanding of the market challenges and drivers facing the pharmacy industry, medical services industry and pharmaceutical industry as a whole. Daniel has also advised a number of pharmaceutical organisations on the management of changing market conditions. He has consulted on effective market penetration for new products and advised on managing competition, and forming defence strategies, against generic products.

#### 5.1.3 MS STAMATIA TOLIA, INDEPENDENT NON-EXECUTIVE DIRECTOR. AGE 25

Bachelor of Science (Nursing), Masters Degree (Mental Health), Member Nurses Association (Greece).

Stamatia currently resides in Athens, Greece. She is a qualified nurse and has studied at a Masters level in the field of mental health. Stamatia currently works as a research nurse in a mental health organisation where she has been employed for the past year and a half. She is currently undertaking studies for her Ph.D at The National Kapodistrian University of Athens and is expected to



further develop expertise in Quality Use of Medicines (QUM) principles. Although Stamatia has no experience in managing companies, it is contemplated that the Company will be able to benefit from her understanding of international standards of QUM principles. Furthermore, her understanding of the practice of the delivery of pharmacological therapy combined with the quality use of medicines principles creates a unique opportunity to drive the Company's strategies and sequential service offering.

#### **5.1.4 MR CON TSGOUNIS, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR. AGE 46**

Member of the Australian Institute of Company Directors.

Con is a current Executive Director and Head of Investor relations at iQnovate Ltd<sup>25</sup>. Con has over 20 years of experience in business and investor relations, specifically in the wholesale and retail sectors. As a member of the Board of iQnovate Ltd since its inception, Con has been responsible for executing that company's investor relations and capital raising strategy. His experience in Shareholder relationship management gives him the necessary skillset to assist the Company attain its corporate objectives.

## **5.2 CORPORATE GOVERNANCE**

The Company recognises the importance of good corporate governance policies and practices, and to that extent is committed to ensuring it has in place a corporate governance framework which not only provides flexibility, but also delivers strongly on best practice for optimising corporate performance and accountability in the interests of Shareholders.

The Company has developed its corporate governance framework with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition – March 2014). The ASX Corporate Governance Principles and Recommendations (the ASX Recommendations) provide a guideline of practices designed to optimise

corporate performance and increase accountability of Australian listed entities.

The Company has adopted the ASX Recommendations, however, the Board also recognises that full adoption of the ASX Recommendations may not be practical or provide optimal result given the Company's particular circumstances. The Company's corporate governance framework and policies are therefore structured as follows:

### **5.2.1 CORPORATE GOVERNANCE FRAMEWORK AND POLICIES**

- i. Lay solid foundations for management and oversight.  
The Company through its Board Charter clearly sets out the powers of the Board and those responsibilities delegated to management. These powers include annual performance reviews of Board members and senior executives by the appropriate personnel. The Company Secretary facilitates the Board with meeting its governance and oversight obligations.
- ii. Structure the Board to add value.  
The Board comprises of three Non-Executive Directors and one Executive Director. Together the Directors have a broad range of skills and experience that complement the Company and its business. For further details of the Board structure refer to Section 5.2.3 of this Prospectus.
- iii. Act ethically and responsibly.  
The Board acknowledges that the success of the Company will be enhanced by a strong ethical culture within the organisation. The need to ensure that ethical standards remain enshrined has led the Board to adopt a code of conduct which complies with the ASX Recommendations to ensure that all Directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with in their role as representatives of the Company.
- iv. Safeguard integrity in corporate reporting.  
The Company has established an Audit and Risk Committee to assist the Board in relation to its corporate reporting

<sup>25</sup> iQnovate Ltd is a substantial shareholder of FarmaForce Limited. Con Tsigounis is a nominated director of iQnovate Ltd.



obligations. The Committee comprises of two independent Directors one Executive Director and one additional member by invitation.

- v. Make timely and balanced disclosure. The Company has defined, under its Continuous Disclosure Policy, an internal protocol for the reporting of material information to Shareholders and the ASX. The Company will make timely disclosures of material information as required by the Listing Rules which a reasonable person would expect to have a material effect on the price or value of the Shares.
- vi. Respect the rights of security holders. The Company is committed to all Shareholders and stakeholders having timely access to material information regarding the operations and results necessary to assess the Company's overall performance. The Company will make regular ASX announcements and make these available on its website. Shareholders will also have the opportunity to ask questions at the Company's Annual General Meeting.
- vii. Recognise and manage risk. The Audit and Risk Management Committee has a responsibility for overseeing the Company's risk management and internal control framework. The Committee will implement processes to undertake and assess the adequacy of processes and controls established to identify and manage areas of potential risk, as well as overseeing the process of financial reporting, internal control, continuous disclosure, financial and nonfinancial risk management, and compliance and external audit.
- viii. Remunerate fairly and responsibly. A Remuneration Committee has been established which is charged with making recommendations as to all aspects of Executive and Non-Executive Director and management and committee remuneration packages. The Remuneration Committee in exercising its responsibilities will have regard to all relevant Company policies in attracting and retaining skilled executives, and structuring short and long term incentives that are challenging and linked to the creation of sustainable Shareholder returns.

The Committee comprises three members, of which two are independent Directors.

### 5.2.2 THE BOARD'S RESPONSIBILITY

The Board is responsible for the overall corporate governance of the Company and for protecting the rights and interests of the Shareholders through the implementation of sound strategies, action plans and the development of an integrated framework of controls over the Company's resources, functions and assets. The Board's responsibilities include:

- i. Approving, monitoring and overseeing the Company's strategic direction, as developed by the company's management team.
- ii. Approving, reviewing and monitoring the progress of capital management.
- iii. At all times exercising due care and diligence and sound business judgement in the performance of their duties.
- iv. Considering and approving proposals developed by management for the company's annual budgets.
- v. Ensuring that there are appropriate internal controls and ethical standards of behaviour adopted and met within the Company.
- vi. Ensuring that the business risks facing the Company are wherever possible, identified and that appropriate monitoring and reporting controls are in place to manage these risks.
- vii. Appointing the Remuneration Committee and ensuring that appropriate policies and procedures are in place for recruitment, remuneration and succession planning.
- viii. Overseeing the integrity of the Company's accounting and corporate reporting systems.

In order to achieve its objectives and responsibilities, the Board has adopted the following corporate governance charters and policies:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Charter
- Continuous Disclosure Policy
- Communications Strategy Policy



- Diversity Policy
- Key Management Personnel Securities Trading Policy
- Code of Conduct

The information below outlines the main corporate governance policies and practices that the Board has adopted.

### 5.2.3 COMPOSITION OF THE BOARD

The members of the Board, their qualifications and relevant experience as at the Prospectus date comprise the information set out in Section 5.1 of this Prospectus. In determining its composition, the Board has considered the ASX Recommendations that boards of listed Australian entities should consist of a majority of independent Directors. The Board considers an Independent Director to be a Non-Executive Director who is neither employed or a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of their judgment.

The Board has a majority of Non-Executive Directors but does not have a majority of independent Directors. This represents a departure from the ASX Recommendations that boards of listed Australian entities should consist of a majority of independent Directors. The Board consists of one Executive Director and three Non-Executive Directors, two of which are considered independent Directors, including the Chairperson who has a casting vote. Accordingly, the independent Directors of the Board will ordinarily have the majority vote on matters before the Board. The Board considers this to be appropriate considering the size and complexity of the business.

Mr George Elias and Ms Stamatia Tolia represent the independent Directors of the Company. Each of Mr Elias and Ms Tolia is a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Mr Con Tsigounis is a Non-Executive Director member of the Board. The Board does not consider Mr Tsigounis to be an independent Director at the date of this Prospectus due to his pre-existing role as an Executive Director of iQnovate Ltd, a related party of the Company.

The Board considers the composition of the Board to be adequate in view of the Company's current size and operations, and includes an appropriate mix of skills and expertise, necessary to exercise its functions effectively.

To assist the Board in discharging its obligation to exercise independent judgment, it is the Board's policy that each Director is allowed, subject to prior approval by the Chair, to obtain independent professional advice to properly discharge their responsibility as a Director if they consider it necessary. The Company will pay the reasonable expenses associated with obtaining such advice. In addition, the Board also has in place policies to review its composition as the Company's operating circumstances change. The Board will have regard to the Company's Diversity Policy and the balance of independence on the Board in identifying appropriate candidates for any appointments for the Board.

### 5.2.4 APPOINTMENT AND RETIREMENT OF DIRECTORS

The Board has established a separate Nominations Committee to assist the Board in selecting and appointing additional members to the Board. In determining the appropriateness of potential candidates for the Board, the Nominations Committee will evaluate the existing mix of skills, experience, expertise and diversity of the Board, and will have regard to the particular skills, balance of independents and diversity matrices required to increase the Board's effectiveness.

The Company's Constitution provides that Directors are subject to retirement by rotation, by order of length of appointment. Retiring Directors are eligible for re-election by Shareholders at the annual general meeting of the Company.





### 5.2.5 BOARD COMMITTEES

Under the Company's constitution, the Board is permitted to delegate certain functions to Board Committees to consider various issues in detail and report to the Board. Having regard to the size of the Company, the Board has established the following Board Committees:

- > Audit and Risk Committee
- > Remuneration and Nomination Committee

A copy of the Board Committees and their constituent Charters are also available on the Company's website.

- i. **Audit and Risk Committee**  
The Board has established an Audit and Risk Committee to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial) and the internal and external audit process.

The core responsibilities of the Audit and Risk Committee is to assist the Board by reviewing and providing recommendations on:

- a. The effectiveness of the Company's system of risk management and internal controls.
- b. The integrity of the Company's external financial reporting and financial statements.
- c. The appointment, independence and competence of the Company's external auditors.
- d. The performance of the external audit functions and review of their audits.
- e. The establishment and/or the performance of the internal audit and risk function.

#### ASX Recommendations

The Board acknowledges the ASX Recommendations that Audit and Risk Committees should consist of at least three members, a majority of which are independent Directors and be chaired by an independent Director.

The Board has established an Audit and Risk Committee which comprise of three members. The committee consists of two independent Directors and one additional member by invitation.

Committee Members:

- > Mr George Elias (Chairperson)
- > Ms Stamatia Tolia
- > Mr Spiro Sakiris

- ii. **Remuneration and Nomination Committee**  
The Board has established a Remuneration and Nomination Committee to assist and advise it on remuneration and recruitment policies and practices. The Board acknowledges the ASX Recommendations that Remuneration and Nomination Committees should consist of a majority of independent Directors and be chaired by an independent chair.

The primary function of the Remuneration and Nomination Committee will be to assist the Board by:

- a. Providing advice in relation to remuneration to Company's packages.
- b. Making recommendations in relation to the Company's recruitment, retention and termination policies.
- c. Reviewing succession plans for senior executives and Executive Directors.
- d. Recommending individuals for nomination as members of the Board and its committees.
- e. Ensuring a process is set for periodically evaluating the performance of senior executives and to ensure members of the Board are reviewed regularly.
- f. Monitoring the size and composition of the Board.

Committee Members:

- > Mr George Elias
- > Mr Con Tsigounis
- > Ms Stamatia Tolia



### 5.2.6 KEY MANAGEMENT PERSONNEL SECURITIES TRADING POLICY

The Company has adopted a Key Management Personnel Securities and Trading Policy that applies to all Directors and key management personnel of the Company. The policy ensures that all Directors and key management personnel are aware of the legal restrictions in dealing in Company securities while in possession of unpublished Company price-sensitive information. The Company's Key Management Personnel Securities Trading Policy also establishes procedures for Directors and key management personnel for dealing in the Company's securities.

The Company's Key Management Personnel Securities Trading Policy is available on the Company website.

### 5.2.7 CONTINUOUS DISCLOSURE POLICY

In order to ensure investors are provided timely and accurate information, the Company has developed and adopted a continuous disclosure policy designed to ensure that the Company effectively discharges its disclosure obligations imposed under the ASX Listing Rules and the Corporations Act 2001.

The Company's Continuous Disclosure Policy contains the Company's approach to effective communication with all relevant stakeholders. Information will be communicated through ASX announcements, annual reports and half-yearly updates. Information communicated to ASX and other stakeholders will also be placed on the Company's website.

### 5.2.8 INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors may, in appropriate circumstances, engage outside advisors at the Company's expense. The engagement of an outside advisor is subject to the prior approval of the Board, which will not be unreasonably withheld.

### 5.2.9 REMUNERATION OF DIRECTORS

#### i. General Manager Service Agreement

##### Mr Daniel Morato

The Company has entered into a service agreement with Mr Daniel Morato to govern his employment as General Manager with the Company. The appointment of Mr Morato as General Manager is for a continuous term. Either party may terminate the agreement with one month notice, or in respect of the Company, payment in lieu of notice.

The fixed remuneration payable to Mr Morato comprises a base remuneration of \$157,680 per annum, inclusive of mandatory superannuation contributions and incidental benefits. Mr Morato is also eligible to receive an annual performance bonus commensurate to 20% of the base remuneration referable to certain performance benchmarks.

Mr Morato will also be eligible for an allocation of 50,000 Shares per annum referable to performance benchmarks under the Employee Share Plan set out at Section 10.6 Employee Share Plan.

The remuneration details discussed for Mr Morato relate to his employment as General Manager. His directorship is pursuant to a letter of continuing appointment. He does not receive additional remuneration for his position as a Director. His executive responsibilities stem only from his role as General Manager.

#### ii. Non-Executive Directors Agreements

Pursuant to letters of continuing appointment each Non-Executive Director is continuing their appointment to the Board following listing. Non-Executive Directors, with the exception of Mr Con Tsigounis will each be paid a director's fee of \$35,000 per annum, inclusive of statutory superannuation. Mr Tsigounis will not be entitled to a director's fee out of the Company's funds.



### iii. Remuneration Entitlement

The remuneration entitlements of the Directors are as follows:

NAME	POSITION	REMUNERATION OF DIRECTORS (INCLUSIVE OF SUPERANNUATION)			
		FINANCIAL YEAR 2013/14	FINANCIAL YEAR 2014/15	01/07/2015 TO DATE OF PROSPECTUS	PROPOSED ANNUAL REMUNERATION
Mr George Elias	Non-Executive Chairman	-	-		\$35,000
Ms Stamatia Tolia	Non-Executive Director	-	-		\$35,000
Mr Daniel Morato	Executive Director	\$51,623	\$183,960*	\$13,140	\$157,680
Mr Con Tsigounis	Non-Executive Chairman	-	-	-	-

(\*inclusive of bonus paid under the service agreement as General Manager)

The total remuneration of Non-Executive Directors may not exceed in aggregate in any financial year the amount of \$300,000 (inclusive of superannuation). This can be varied with Shareholders' approval.

The Company aims to reward executives with a level and mix of remuneration that is based on the executive's position and responsibility. Currently the Company's executive remuneration and reward framework has the following components:

- > Base pay, performance bonuses, and non-monetary benefits.
- > Other remuneration such as superannuation and long service leave.

Subject to prior Shareholder approval, Directors of the Company may be entitled to acquire or be granted securities in the Company under the Company's Employee Share Plan. Further details about the Plan are set out in Section 10.6 Employee Share Plan.

In addition to any remuneration, the Company must pay a Director all reasonable expenses (including travel and accommodation expenses) incurred by the Director in attending meetings of the Company, the Board or a committee of the Board on the business of the Company or in carrying out the duties of a Director.

There are no Directors' retirement benefits under any contracts or plan entered into between the Company and any Director and no such agreements are presently contemplated to be entered into.







#### 5.2.10 NUMBER OF DIRECTORS AND TENURE

The number of Directors must not be less than three and, unless otherwise determined by the Company in general meeting, no more than ten. At every annual general meeting of the Company, one-third of the Directors (excluding the Managing Director) must retire from office. Directors may be appointed or removed by resolution of the Company in general meeting. In addition, the Directors themselves may appoint additional Directors provided that any such Directors must have their appointment ratified by Shareholders at the next annual general meeting. Directors who retire at an annual general meeting may offer themselves for re-election.

#### 5.2.11 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS POLICY

Under the Corporations Act the definition of a related party includes circumstances where an entity or persons associated with that entity have the capacity to determine the outcome of decisions about the second entity's financial and operational policies.

The Board has determined that the Company is a related party to iQnovate Ltd (and its wholly owned subsidiary Clinical Research Corporation Pty Ltd), iQX Ltd (a specialised Life Science investment company and its wholly owned subsidiary iQX Investment Services Pty Ltd) and iQ3Corp Ltd (a specialised Life Science Corporate finance and advisory company) due to:

- > the possible influence and control which may be exerted by iQnovate Ltd as a controlling Shareholder of the Company and Clinical Research Corporation Pty Ltd;
- > the appointment of Mr Con Tsigounis, an Executive Director of iQnovate Ltd, to the Company's Board as a nominee Director of iQnovate Ltd;
- > the common employment of Mr Spiro Sakiris and Dr George Syrmalis by iQnovate Ltd, iQX Ltd and iQ3Corp Ltd;

- > Mr Sakiris is an Executive Director, Chief Financial Officer and Chief Operating Officer of iQ3Corp. Mr Sakiris also holds the office of Chief Financial Officer and Chief Operating Officer for iQnovate Ltd and iQX Ltd; and
- > Dr Syrmalis is also an Executive Director, and Chief Executive Officer of iQnovate Ltd and iQX Ltd. Dr Syrmalis is also the Chief Executive Officer of iQ3Corp.

Accordingly, Mr Sakiris, Dr Syrmalis, Mr Tsigounis (by reason of their office) and iQnovate (by reason of its shareholding) may have capacity to determine the outcome of decisions concerning the Company's financial and operational policies. However, this risk is mitigated through the Board's structure and appointment of independent Directors as discussed in Section 5.2.3 Composition of the Board and the following, Section 5.2.11.1 Process to Engage Related Parties.

##### 5.2.11.1 PROCESS TO ENGAGE RELATED PARTIES

The Company has a documented Conflict of Interest and Related Party Transaction Policy and Procedures which ensures that all potential related party transactions and payments are conducted on an arm's length basis and that the process surrounding those transactions and payments are transparent and fully documented.

The Company's Conflict of Interest and Related Party Transaction Policy and Procedures adopts the requirements outlined in ASIC Regulatory Guide 76 to ensure that the terms under which it engages a related party constitute an arm's length arrangement. This process allows the Company to demonstrate that the terms of related party transactions and payments paid to a related party are comparable to those of similar transactions completed in similar circumstances between unrelated parties.



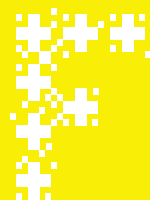
Ordinarily, the process will involve management identifying any perceived or actual conflicts of interest or any potential related party relevant to all material transactions which have a market value considered to be material. The Board (either as a sitting Board or by delegation to management) will assess the competencies and capabilities of the related party to provide the relevant services, the complexity of the proposal, the availability of alternate unrelated party providers and to obtain available market comparisons. In light of these considerations, management will provide the Board with an assessment to assist the Board in making its determination.

The minutes of meeting of the Board will reflect the process and formal approval.

To facilitate this process, the Company has structured the composition of the Board to aid in the implementation of this policy. The Board comprises of three members, being two Non-Executive Directors and one Executive Director. Of the number of Non-Executive Directors, two are considered independent Directors, including the Chairperson (with a casting vote). Accordingly, the independent Directors of the Board will ordinarily have the majority of vote. Directors with a material interest in matters being considered by the Board will be excluded from considering and voting on such matters in accordance with Section 195 of the Corporations Act.

As at the date of this Prospectus, the Company has entered into the related party transactions described at Section 9 Material Agreements and Related Party Transactions.





# / SECTION 06

FINANCIAL INFORMATION





## / FINANCIAL INFORMATION

### 6.1 INTRODUCTION

The financial information for FarmaForce as prepared by the Directors' includes the statutory financial information being:

- > The statutory historical statements of comprehensive income for the period from 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014.
- > The statutory historical statements of cash flows for the period from 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014.
- > The statutory historical statement of financial position as at 31 December 2014; together the "Historical Financial Information".
- > The pro forma statement of financial position as at 31 December 2014 (the "Pro Forma Financial Information"); together the "Financial Information".

The Financial Information has been reviewed by Nexia Court Financial Solutions Pty Ltd. Nexia's Investigating Accountant's Report is provided in section 7.

All amounts disclosed in this section are presented in Australian dollars unless otherwise stated.

Information in this section should be read in conjunction with the risk factors described in section 8 and the other information contained in the Prospectus.

Investors should be aware that past performance is not an indication of future performance.

### 6.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards and other mandatory professional reporting requirements in Australia. The significant accounting policies applied in the preparation of the Financial Information are set out in section 6.8.

However, the Financial Information is presented in an abbreviated form insofar as it does not contain all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Historical Financial Information has been based on the audited financial statements of FarmaForce for the period from 28 January 2014 to 30 June 2014 and the reviewed financial statements for the six months ended 31 December 2014. Fortunity Assurance audited and reviewed the financial statements for each period, respectively, and issued unqualified opinions for each of those periods.



### 6.3 HISTORICAL STATEMENTS OF COMPREHENSIVE INCOME

The statutory historical statements of comprehensive income are set out below:

	NOTE	PERIOD FROM 28 JANUARY 2014 TO 30 JUNE 2014	SIX MONTHS TO 31 DECEMBER 2014
		AUDITED \$	REVIEWED \$
Revenue	1	16,130	649
Employee Related Expenditure		(169,169)	(247,366)
Depreciation and Amortisation		(210)	(8,514)
Office Sharing Cost	2	(190,315)	(266,349)
Other Expenses		(33,259)	(177,647)
Finance costs	3	(1,670)	(39,870)
<b>Loss before and after income tax</b>		<b>(378,493)</b>	<b>(739,097)</b>

**Notes:**

1. Revenue relates to amounts derived from related entities in respect of shared office costs. See section 6.6 on related party transactions.
2. Office sharing costs relate to the allocation of overheads that are shared amongst related entities. Office shared costs include salaries and wages, rent, subscriptions and other overheads where FarmaForce receives a benefit. Details of the cost sharing agreement/arrangements are in section 9.3.
3. Finance costs includes \$39,713 in respect of the Convertible Notes discussed in section 10.7.



## 6.4 HISTORICAL STATEMENTS OF CASH FLOWS

The statutory historical statements of cash flows are set out below:

	NOTE	PERIOD FROM 28 JANUARY 2014 TO 30 JUNE 2014	SIX MONTHS TO 31 DECEMBER 2014
		AUDITED \$	REVIEWED \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	1	6,491	14,897
Payments to suppliers and employees	2	(333,047)	(855,783)
Interest received / (paid)		-	(157)
<b>Net Cash used in operating activities</b>		<b>(326,556)</b>	<b>(841,043)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(96,121)	(24,718)
<b>Net cash used in investing activities</b>		<b>(96,121)</b>	<b>(24,718)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from the issue of Shares		1	-
Proceeds from issue of Convertible Notes	3	475,000	946,128
Increase in borrowings		137,543	-
Payment of transaction costs	4	-	(25,553)
<b>Net cash provided by/(used in) financing activities</b>		<b>612,544</b>	<b>920,575</b>
<b>Net increase/(decrease) in cash held</b>		<b>189,867</b>	<b>54,814</b>
Cash and cash equivalents at the beginning of the period		-	189,867
<b>Cash and cash equivalents at end of the period</b>		<b>189,867</b>	<b>244,681</b>

### Notes:

1. Receipts from customers relates to amounts received from related entities in respect of shared office costs. See section 6.6 on related party transactions.
2. The majority of payments are to employees and payments to related entities under the cost sharing agreement set out in section 9.3.
3. FarmaForce raised pre-IPO funding through the issue of Convertible Notes. The terms of the Convertible Notes are discussed in section 10.7.
4. This represents transaction costs in relation to the issue of Convertible Notes that have been deducted from equity. The balance of the transactions costs are deducted from the proceeds received from the issue of Convertible Notes. The terms of the convertible notes are discussed in section 10.7.



## 6.5 STATUTORY AND PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION

The pro forma statement of financial position as at 31 December 2014 has been prepared by adjusting the reviewed statement of financial position at 31 December 2014 to reflect the financial effects of the following transactions as if they had occurred at 31 December 2014.

- > The Public Offer issue of 16,666,667 fully paid ordinary Shares (minimum subscription) to 20,000,000 fully paid ordinary Shares (maximum subscription) at \$0.30 each to raise \$5,000,000 to \$6,000,000 before expenses of the issue.
- > Cash costs of undertaking the Offer of \$845,000 (minimum subscription) to \$945,000 (maximum subscription).
- > Shares issued to the Lead Manager of 1,272,416 (minimum subscription) to 1,306,086 (maximum subscription) as set out in section 9.2.
- > Issue of additional Convertible Notes of \$2,395,000 since 31 December 2014.
- > The conversion of outstanding Convertible Notes. The Company has issued 3,860,500 \$1 Convertible Notes which convert to an equivalent of 19,302,500 Shares. Each Convertible Noteholder is also entitled to one (1) Option for every Share issued upon conversion of the Convertible Notes. The Convertible Notes convert upon the Company being approved to the Official List. A total of 19,302,500 Options are to be issued to Optionholders. Each Option is exercisable at \$0.20 at any time between 24 months and 36 months from the date the Company has been approved to the Official List. It is not proposed that the Options will be listed.
- > The costs of pre-IPO Convertible Note fundraising of \$224,699.





AS AT 31 DECEMBER 2014				
		REVIEWED \$	PRO FORMA \$	
	NOTES	INITIAL	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
<b>Current Assets</b>				
Cash and Cash Equivalents	1	244,681	6,570,012	7,470,012
Trade and Other Receivables		14,430	14,430	14,430
<b>Total Current Assets</b>		<b>259,111</b>	<b>6,584,442</b>	<b>7,484,442</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment		112,190	112,190	112,190
<b>Total Non-Current Assets</b>		<b>112,190</b>	<b>112,190</b>	<b>112,190</b>
<b>Total Assets</b>		<b>371,301</b>	<b>6,696,632</b>	<b>7,596,632</b>
<b>Current Liabilities</b>				
Trade and other payables		93,315	93,315	93,315
Borrowings	2	1,033,110	-	-
<b>Total Current Liabilities</b>		<b>1,126,425</b>	<b>93,315</b>	<b>93,315</b>
<b>Total Liabilities</b>		<b>1,126,425</b>	<b>93,315</b>	<b>93,315</b>
<b>Net (Liabilities)/Assets</b>		<b>(755,124)</b>	<b>6,603,317</b>	<b>7,503,317</b>
<b>Equity</b>				
Issued Capital	3	1	9,286,035	10,296,136
Convertible Notes	2	388,018	-	-
Capital Raising costs	4	(25,553)	(986,461)	(1,076,657)
Retained earnings	5	(1,117,590)	(1,696,257)	(1,716,162)
<b>Total Equity</b>		<b>(755,124)</b>	<b>6,603,317</b>	<b>7,503,317</b>



**Notes:**

The pro forma adjustments are calculated as follows:

**1. Cash and Cash Equivalents**

\$	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Cash balance at 31 December 2014	244,681	244,681
Adjustments are summarised as follows:		
Proceeds from the issue of Shares	5,000,000	6,000,000
Issue of additional Convertible Notes	2,395,000	2,395,000
Costs of the Offer	(845,000)	(945,000)
Costs of Pre IPO capital raising	(224,669)	(224,669)
Pro forma balance	6,570,012	7,470,012

**2. Convertibles Notes**

As set out in section 10.7, the Company has the right and intends to exercise the right to convert all existing Convertible Notes into Shares on the same day that the Company issues Shares to applicants under the Prospectus. These amounts previously recognised as a liability and equity are therefore adjusted to issued capital in the pro forma statement of financial position.

**3. Issued Capital**

\$	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Issued capital at 31 December 2014	1	1
Adjustments are summarised as follows:		
Proceeds from the Offer	5,000,000	6,000,000
Conversion of Convertible Notes to Shares	3,904,310	3,904,310
Shares issued to the Lead Manager	381,724	391,825
Pro forma balance	9,286,035	10,296,136



## 4. Capital Raising Costs

\$	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Capital raising costs at 31 December 2014	25,552	25,552
Adjustments are summarised as follows:		
Offer costs allocated to equity	960,909	1,051,105
Pro forma balance	986,461	1,076,657

## 5. Retained Earnings

\$	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Retained earnings at 31 December 2014	1,117,590	1,117,590
Adjustments are summarised as follows:		
Pre IPO capital raising costs expensed	180,985	180,985
Unamortised Pre IPO capital raising costs expensed on conversion of notes	88,182	88,182
Offer costs expensed	309,500	329,405
Pro forma balance	1,696,257	1,716,162



## 6.6 RELATED PARTY DISCLOSURE

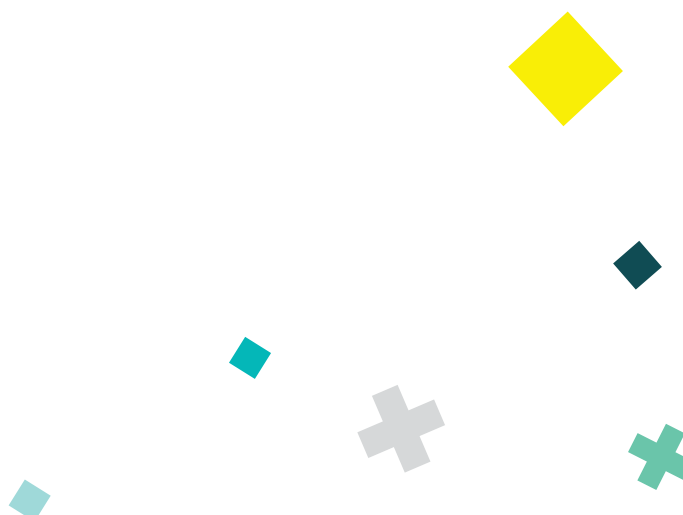
The Company is 100% owned by iQnovate Limited. Key management personnel includes Mr Spiro Sakiris, who is the Chief Operating Officer of the Company and Chief Financial Officer of iQ3Corp Limited.

The following transactions occurred with related parties:

	PERIOD FROM 28 JANUARY 2014 TO 30 JUNE 2014	SIX MONTHS TO 31 DECEMBER 2014
	AUDITED \$	REVIEWED \$
Office sharing costs incurred to iQnovate, CRC, IQX and IQ3Corp	(190,315)	(266,349)
Revenue from services rendered to iQnovate	16,130	649
Capital raising costs incurred to a related entity, iQ3Corp, in which Mr Spiro Sakiris is a member of the key management personnel	-	(145,395)

## 6.7 CONTINGENT LIABILITIES

In the opinion of the Directors, the Company does not have any contingent liabilities as at the date of this Prospectus.





## 6.8 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The significant accounting policies that have been adopted in the preparation of financial information are:

### a. Fair Value of Assets and Liabilities

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

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

### b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to note (c) for details of impairment).

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the



Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and Equipment	10% to 15%
Furniture, Fixtures and Fittings	15% to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### c. Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries,

associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### d. Convertible Notes

Convertible Notes are separated into liability and equity components based on the terms of the contract.

On issuance of the Convertible Notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Convertible Notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.



#### e. Employee Benefits

##### Short-Term Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

##### Other Long-Term Employee Benefits

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

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

#### f. Provisions

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

#### g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### h. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax.

#### i. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.



j. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. **Goods and Services Tax (GST)**

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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

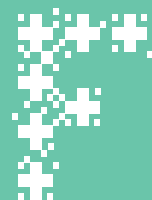
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.



THIS PAGE IS LEFT BLANK INTENTIONALLY







/ SECTION 07  
INVESTIGATING ACCOUNTANT'S REPORT





10 August 2015

The Directors  
FarmaForce Limited  
Level 3  
222 Clarence Street  
Sydney NSW 2000

Dear Sirs

**Investigating Accountant's Report on FarmaForce historical and pro forma historical financial information**

We have been engaged by FarmaForce Limited ("FarmaForce or the Company") to report on the historical financial information and pro forma historical financial information of the Company for inclusion in the prospectus dated on or about 10 August 2015 relating to the issue of a minimum of 16,666,667 and a maximum of 20,000,000 FarmaForce shares (the "Prospectus").

Expressions and terms defined in the Prospectus have the same meaning in this report.

Nexia Court Financial Solutions Pty Ltd holds an Australia Financial Services Licence (AFS Licence Number 247300) issued by Australian Securities and Investments Commission for providing financial product advice, including investigating accountant's reports.

**Scope**

*Historical Financial Information*

You have requested Nexia Court Financial Solutions Pty Ltd to review the following historical financial information of the Company to be included in the prospectus.

- the Statement of Financial Performance for the period of 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014;
- the Statement of Cash Flows for the period of 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014; and
- the Statement of Financial Position as at 31 December 2014.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The historical financial information has been extracted from the financial report of the Company for the period from 28 January 2014 to 30 June 2014, which was audited by Fortunity Assurance in accordance with the Australian Auditing Standards and the financial report of the Company for the six months ended 31 December 2014, which was reviewed by Fortunity Assurance in accordance with the Australian Auditing Standards. Fortunity Assurance issued an unmodified audit opinion and review opinion on the financial reports.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

**Nexia Court Financial Solutions Pty Ltd**  
AFSL 247300  
Level 16, 1 Market Street, Sydney NSW 2000  
PO Box H195, Australia Square NSW 1215  
p +61 2 9251 4600, f +61 2 9251 7138  
info@nxiacourt.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Court Financial Solutions Pty Ltd (ABN 88 077 764 222), Australian Financial Services Licence No. 247300 is an independent New South Wales firm using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



#### *Pro Forma historical financial information*

You have requested Nexia Court Financial Solutions Pty Ltd to review the pro forma historical Statement of Financial Position as at 30 June 2014 referred to as the "pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in section 6.5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6.5 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

#### **Directors' responsibility**

The directors of the Company are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

#### **Conclusions**

##### *Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 6 of the prospectus, and comprising:

- the Statement of Financial Performance for the period of 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014;
- the Statement of Cash Flows for the period of 28 January 2014 to 30 June 2014 and the six months ended 31 December 2014; and
- the Statement of Financial Position as at 31 December 2014;



are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.2 of the Prospectus.

*Pro Forma historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the Statement of Financial Position as at 31 December 2014 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6.5 of the Prospectus.

**Restriction on Use**

Without modifying our conclusions, we draw attention to section 6.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

**Consent**

Nexia Court Financial Solutions Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

**Declaration of Interest**

Nexia Court Financial Solutions Pty Ltd does not have any interest in the outcome of this offer other than in the advisory services performed in preparing this report for which normal professional fees will be received.

Yours faithfully

**Nexia Court Financial Solutions Pty Ltd (AFSL 247300)**

**Brent Goldman**

Authorised Representative



## **FINANCIAL SERVICES GUIDE**

**Dated: 10 August 2015**

### **What is a Financial Services Guide ("FSG")?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300 ("NCFS").

This FSG includes information about:

- NCFS and how they can be contacted
- the services NCFS is authorised to provide
- how NCFS are paid
- any relevant associations or relationships of NCFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NCFS has in place.

Where you have engaged NCFS we act on your behalf when providing financial services. Where you have not engaged NCFS, NCFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NCFS.

### **Financial services that NCFS is authorised to provide**

NCFS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio serves, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

### **NCFS's responsibility to you**

NCFS has been engaged by the independent directors of FarmaForce Pty Ltd ("FARMAFORCE" or the "Client") to provide general financial product advice in the form of an Investigating Accountant's Report ("Report") to be included in the Prospectus.

You have not engaged NCFS directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. NCFS or the employees of NCFS are not acting for any person other than the Client.

NCFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General Advice**

As NCFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.



You should also consider the other parts of the Document before making any decision in relation to the Scheme.

#### **Fees NCFS may receive**

NCFS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS \$25,000 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

#### **Referrals**

NCFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

#### **Associations and relationships**

Through a variety of corporate and trust structures NCFS is controlled by and operates as part of the Nexia Court & Co Partnership. NCFS's directors and authorised representative may be partners in the Nexia Court & Co Partnership. Mr Brent Goldman, authorised representative of NCFS and partner in the Nexia Court & Co Partnership, has prepared this report. The financial product advice in the Report is provided by NCFS and not by the Nexia Court & Co Partnership.

From time to time NCFS, the Nexia Court & Co Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

#### **Complaints resolution**

If you have a complaint, please let either NCFS know. Formal complaints should be sent in writing to:

Nexia Court Financial Solutions Pty Ltd  
Head of Compliance  
PO Box H195  
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

#### **External complaints resolution process**

If NCFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established



to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001  
Telephone: 1300 56 55 62  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

#### **Compensation arrangements**

NCFS has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

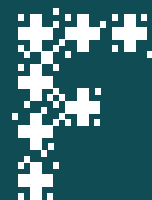
#### **Contact Details**

You may contact NCFS at:  
Nexia Court Financial Solutions Pty Ltd  
PO Box H195  
Australia Square NSW 1215

THIS PAGE IS LEFT BLANK INTENTIONALLY







# / SECTION 08

RISK ANALYSIS





## / RISK ANALYSIS

This Section identifies the areas that the Board believes to be risks associated with an investment in the Company.

The Company's business is subject to various risk factors, those specific to its business activities and the Offer, and those that are general in nature. Individually, or in combination, each of the risks could, if they eventuate, have a material, adverse, affect on the Company's financial performance, prospects and market price of Shares in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. An investment in the Company should be considered in light of these risks.

Before deciding to invest in the Company, you should:

- > read this Prospectus in its entirety;
- > satisfy yourself that you have a sufficient understanding of the risks involved investing in the Company, and in Shares generally;
- > consider an investment in the Company in light of your personal circumstances; and
- > seek professional advice before deciding whether to invest.

An investment in the Company should be considered to be a speculative investment because of the nature of the Company's business and activities.

The following is not intended to be an exhaustive list and does not purport to list every risk that may be associated with the Company's business or an investment under the Offer now or in the future. The occurrence or consequences of some of the risks described in this section are partially or completely outside the control of the Company, its Directors and management team.

### 8.1 COMPANY SPECIFIC RISKS

#### 8.1.1 LIMITED OPERATING HISTORY

The Company has limited relevant operating history. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business model.

#### 8.1.2 RELIANCE ON KEY PERSONNEL

The Company is dependent upon the continuing service of its existing senior management team and other key employees (Key Personnel) to undertake the business of the Company and implement its development, operational and growth strategies. The Company's operational success will depend substantially on the continuing efforts of senior executives.

Key personnel may leave the Company for one of many reasons. For instance the Company's competitors may in the future attempt to recruit its Key Personnel, and the Company's efforts to retain these employees may be unsuccessful or result in significant additional expenses to the Company, which could adversely affect either its profitability or financial position.

The loss of services of one or more senior executives may also have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train, retain and develop Key Personnel and other highly skilled employees and consultants, its business may be adversely affected. The Company has entered into an Executive Services Agreement with Mr Daniel Morato. Details of which are set out in Section 9.1.1 Executive Service Agreements.



### 8.1.3 TERMINATION OF EXISTING SERVICE AGREEMENTS

As at the date of the Prospectus, the Company has in place a limited number of client service agreements that are expected to generate revenue for the Company. These agreements vary in length and are generally short-term in nature and typically range between six and twelve months in duration.

Each service agreement is expected to contribute to the Company's financial performance, however these agreements can be terminated on relatively short notice (prior to the expiry of the fixed term) for the reasons detailed at Section 9.6. The financial performance of the Company is therefore susceptible to a loss of one or more service agreements. Should a service agreement be delayed or terminated for whatever reason, irrespective of whether a termination fee is awarded in favour of the Company, the Company may experience an adverse affect on expected revenue and cash flow in the short term.

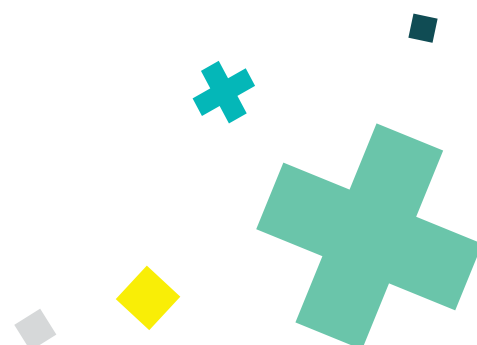
In addition to the risks associated with delay and/or termination, either some or all of the Company's current service agreements may not be extended or re-tendered when the agreements expire. If re-tendered, the Company may not be successful in its tender and may not retain the service agreement or may only succeed in retaining the service agreement at a lower margin. Failure to retain any of these service agreements may have a material adverse affect on the Company's future financial performance.

### 8.1.4 INEFFECTIVE GROWTH AND BUSINESS DEVELOPMENT STRATEGIES

The Company's business prospect is dependent upon the successful procurement of new, or a temporal extension of existing client service engagements, or addition of new products to an existing contract. The Company intends to achieve this through the successful implementation of the Company's business model. Refer Section 4.4 Strategic Business Model.

These strategies may, in time, prove to be ineffective and result in an inability to procure new, or extend existing client service engagements.

Should the Company be unsuccessful in implementing its business model, procuring new, or extending existing client service engagements for whatever reason, the Company may experience a significantly adverse effect on its performance, its revenue, cash flow and long term business prospects.





### 8.1.5 CONTROL RISK BY IQNOVATE LTD

Following the completion of the Offer, iQnovate Ltd will retain approximately 70.73% of the issued capital of the Company upon the Minimum Subscription being achieved, and 68.91% of the issued capital of the Company upon the Maximum Subscription being achieved.

As at the date of this Prospectus, Dr George Syrmalis and Mr Con Tsigounis, both Directors of iQnovate Ltd, each have a relevant interest in approximately 29.8% of all the voting Shares in the iQnovate Ltd. Accordingly, Dr Syrmalis and Mr Tsigounis, together, may exercise their voting interest in iQnovate Ltd's and determine the outcome of decisions.

Dr Syrmalis and Mr Tsigounis are also Executive Directors of iQnovate Ltd. Dr Syrmalis is also an Executive Director of iQX Ltd and the Chief Executive Officer of iQnovate Ltd, iQX Ltd and iQ3Corp Ltd, each a related party of the Company.

Mr Spiro Sakiris is an Executive Director, Chief Financial Officer and Chief Operating Officer of iQ3Corp Ltd, a related party of the Company. Mr Sakiris also holds the office of Chief Financial Officer and Chief Operating Officer for iQnovate Ltd and iQX Ltd.

Accordingly, either iQnovate Ltd or Dr Syrmalis, Mr Tsigounis or Mr Sakiris, will be in a position to exert significant influence over matters relating to the Company and its business prospects, including the election of Directors, the outcome of resolutions that are put to Shareholders for approval, the approval of related party transactions involving the Company or the Company's financial or operational policies. Accordingly, all other Shareholders not associated with either iQnovate Ltd or Dr Syrmalis, Mr Tsigounis or Mr Sakiris, will form part of the minority shareholding and may be subject to the decisions and influence of either iQnovate Ltd, Dr Syrmalis, Mr Tsigounis or Mr Sakiris.

In addition, any significant sale of Shares, or the perception of a sale of Shares, by iQnovate Ltd may have an adverse affect on the price of the Shares.

### 8.1.6 ESCROW AND LIQUIDITY OF SHARES

All of the 16,666,667 (minimum) and 20,000,000 (maximum) Shares under this Offer will represent a minority stake in the Company given that 90,000,000 Shares are already issued to existing shareholders.

All, or a significantly high portion of the 90,000,000 Shares currently on issue as at the date of this Prospectus, may be classified as restricted securities by the ASX and therefore subject to escrow. If the Company is successful in raising either the minimum or the maximum amount under the Offer, and all of the 90,000,000 Shares currently on issue are made subject to escrow, then 70.73% (if the minimum subscription is achieved) or 68.91% (if the maximum subscription is achieved) of the total Shares on issue post the Offer may be restricted for trading.

It is anticipated that all shares to be held by iQ3Corp Ltd in the Company under the terms of the corporate advisory and lead management agreement, being at least 1,272,416 Shares if the minimum subscription is achieved, will also be made subject to a 24 month escrow period.

In addition, it is anticipated that at least 33.33% of the Shares issued to existing Convertible Noteholders who are not considered to be a related party of the Company, will be made subject to a 12 month escrow period. It is also expected that approximately 100% of the Shares to be issued to those existing Convertible Noteholders who are considered to be a related party of the Company, will be made subject to a 24 month escrow period.

At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.



Whilst the ASX has not indicated the total number of Shares to be escrowed, or the duration of the escrow period, the Company anticipates that it will likely be in the order as described above, and for a period of between 12 and 24 months from the date the Company's Shares commence quotation on the exchange.

The Company is unable to anticipate the intentions of the holders of the restricted securities once those restricted securities are released from escrow. Following the release from escrow, disposal of large volumes of Shares may result in a fall in the Share price.

Considering that a substantial number of the Company's Shares will likely be restricted, no assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Issue Price after the Shares have been admitted to the Official List.

If an illiquid market for the Company's Shares occurs, then there is a risk that Shareholders will not be able to readily sell their Shares (or buy additional Shares), and may resort to offering their Shares at significant discount (or offer a premium to buy additional Shares) to the quoted market price in order to make them more attractive to the market. There is a risk that Shareholders may not be able to sell their Shares at all until the liquidity improves.

#### **8.1.7 UNDERUTILISATION OF SALES TEAM**

As a direct function of its syndicated sales team model, the Company may be required at any one time to operate numerous syndicated sales teams to provide services under syndicated service agreements.

There may be occasions where the formation and utilisation of new teams may be below break even levels resulting in operating loss until break even utilisation is attained.

#### **8.1.8 EMPLOYEE NEGLIGENCE AND MISCONDUCT RISK**

The Company is dependent on the services performed by the sales professionals, who spend the vast majority of their time in the field (outside the office) with minimal physical supervision by senior management. Hence, this may give rise to a higher propensity for employee negligence and misconduct. Employee negligence and misconduct may expose the Company to regulatory penalties, financial loss and reputational or brand damage resulting from either negative industry stakeholder opinion or publicity, or disputes or litigation brought against the Company. A negative public image resulting from employee misconduct, may adversely impact the Company's financial performance and position.

The Company has risk mitigation processes and procedures in place to prevent employee negligence and misconduct. However, the company acknowledges that it may not always be possible to avoid employee misconduct and that the precautions taken to prevent and detect such activity may not be effective at all times.

#### **8.1.9 COST SHARING AGREEMENT RISK**

The Company has entered into a cost sharing arrangement with iQnovate Ltd, iQX Ltd, iQ3Corp Ltd and Clinical Research Organisation Pty Ltd (CRC) to share operational and administrative costs attributable to all five companies. These expenses are dissected and cross-charged on a reasonable basis between the companies. Should either iQnovate Ltd, iQX Ltd, iQ3Corp Ltd or CRC Pty Ltd fail to meet its reasonable share of the cost sharing expenses, the Company will be indebted by its proportionate share of the amount attributable to either iQnovate Ltd, iQX Ltd, iQ3Corp Ltd or CRC Pty Ltd.

The Company may have to commence recovery action to recover that proportion attributable to either iQnovate Ltd, iQX Ltd, iQ3Corp Ltd or CRC Pty Ltd. There can be no guarantee that the Company will be successful in any action it chooses to commence.



#### 8.1.10 COMPETITION AND CHANGES IN COMPETITIVE LANDSCAPE

The Company operates in the Australian pharmaceutical contract sales market. There are currently two other dedicated CSOs operating in this market. The Company's competitors compete with it to attract and retain clients primarily on price, service and strategic fit. There is no assurance that these other organisations will not succeed in offering contract sales solutions that are more effective, economic or otherwise more desirable than those being offered by the Company. The number of competitors could also increase in the future through consolidation and entry by new participants in the CSO market.

Failure to compete successfully could result in the Company experiencing lower revenue. Competition can also put downward pressure on fees, increase the cost of recruiting suitability qualified sales professionals and consequently lead to a reduction in profit margins.

#### 8.1.11 REGULATORY RISK

The advertising and promotion of therapeutic goods in Australia to HCPs is regulated by the Therapeutic Goods Act 1989 (TGA) and subject to government policy and regulatory change. Self-regulation also occurs by way of adhering to a Codes of Practice administered by Medicines Australia. This code applies to member pharmaceutical companies and membership is voluntary, hence the regulatory implications.

If the Company fails to respond and adapt its operations to regulatory change, or does not do so as effectively as its competitors, then its business and financial results may be materially adversely affected.

In addition, failure to comply with relevant laws and regulations may result in the Company incurring penalties, or becoming subject to restrictions to the normal conduct of its business, or becoming liable to pay compensation or some other form of remedial action.

#### 8.1.12 TECHNOLOGICAL FAILURES

The Company is dependent on the efficient operation and stability of its information systems, data and client relationship management (CRM) software. The integrity of the systems, data and CRM software upon which the Company depends on to operate its business, are all critical to its operations and ongoing success.

Any potential disruption to, corruption or failure of, the information systems, data or CRM could lead to a disruption to the business operations, disorder in, or loss of data, which could result in a potential financial loss, damage to the Company's reputation and affect its relationship with its clients. Failure of the Company's data recovery system could result in a permanent loss of data.

Like any business with an online presence, the Company is potentially vulnerable to cyber security attacks that bypass its IT security systems. Any breach of the Company's IT security systems could result in the loss, inadvertent disclosure of confidential data or intellectual property or a disruption to information systems and cause reputational damage and service interruptions which may have an adverse affect on its performance, its revenue, cash flow and long term business prospects.

#### 8.1.13 FUNDING RISK

The Company's ability to effectively implement its business model may depend, in part, on its ability to access funding. If the Company does not generate sufficient revenue within the first 24 months from the date of listing, or should it decide to expand upon its stated business objectives for any reason, then it may need to raise further capital to continue to implement its business model.

There can be no assurance that the Company will be able to secure equity or debt funding if required. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital which it can issue within a 12 month period, if the Company elects to issue Shares in connection with future fundraisings, all shareholders





may be diluted as a result of such issues of Shares and fundraisings. Alternatively, any additional debt financing, if available, may involve restrictions on financing and operating activities.

Further, if adequate funds are not available on acceptable terms, or the Company is unable to secure funding at all, it may be required to reduce the scope of its operations and scale back service offering development and expansion as the case may be. Further, the Company may not be able to take advantage of acquisitive opportunities, respond to competitive pressures or maintain adequate working capital to continue its operations.

#### **8.1.14 REDUCTION IN PHARMACEUTICAL OUTSOURCING**

The Company's growth depends on pharmaceutical companies continuing to outsource various services, including their need for in-field sales professionals. If there is a decline in outsourcing in the pharmaceutical industry, this may negatively impact the Company's future revenue and profitability, as well as its growth prospects and its ability to achieve some or all of its business objectives. Should the Company's pharmaceutical clients reduce the amount of services outsourced to the pharmaceutical contract sales market generally, it could reduce the Company's visibility as a key provider of contract sales services to the pharmaceutical industry. This may, in turn, impact on the Company's ability to position itself favourably for future service engagements.

### **8.2 GENERAL RISKS**

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

#### **8.2.1 ECONOMIC FACTORS**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. The Company's prospects, future potential revenues, operating costs and returns to Shareholders may be affected by changes in factors such as:

- > Local and world economic conditions
- > Inflation or inflationary expectations
- > Currency movements
- > Interest rates
- > Conditions of supply and demand
- > Levels of tax, taxation law and accounting practice
- > Government legislation or intervention
- > Industrial disruption
- > Natural disasters, social upheaval or war in Australia or elsewhere

These factors are beyond the control of the Company and its Directors.

#### **8.2.2 SHARE MARKET CONDITIONS**

Prospective investors should be aware that there are risks associated with any investment in securities. The market price of the Company's Shares may be subject to various and unpredictable influences on the market for equities in general, and pharmaceutical or life science stocks, in particular.

If the Shares are admitted for quotation on the Official List, their price might rise or fall and trade at prices above or below the Issue Price. They may be impacted by factors both related and unrelated to the Company's operational performance.

Examples of factors related to the Company's operational performance that may affect the price of the Shares include changes in:

- > Earnings and profit results
- > Future estimated earnings
- > Business prospects
- > The pharmaceutical industry or life science sector
- > Client contracts



Furthermore the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

Examples of factors unrelated to the Company's operational performance that may affect the price of the Shares include:

- > Investor sentiment
- > Speculation
- > Australian equity market conditions, in particular the outlook of the financial services sector
- > Economic conditions in Australia and overseas, which may have a negative impact on equity capital markets
- > Changing investor sentiment in the local and international stock markets
- > Changes in domestic or international fiscal, monetary, regulatory and other government policies
- > Developments and general conditions in the markets in which the Company proposes to operate and which may impact on the future value and pricing of Shares

As a consequence, investors may suffer a financial loss from investing into the Offer.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### 8.2.3 SECURITIES OR INDUSTRY ANALYSIS

If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business or its market, or if they change their recommendations regarding the Company's Shares adversely, the price of its Shares and trading volumes could be adversely affected.

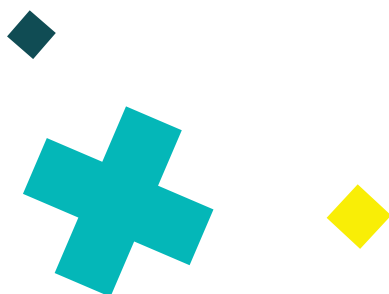
The market for the Company's Shares trading on ASX may be influenced by any research or reports compiled by securities or industry analysts. If any of the analysts who may cover the Company and its products change previously disclosed recommendations on the Company or for that matter its competitors, the price of its Shares may be adversely affected.

### 8.2.4 GLOBAL CREDIT AND INVESTMENT MARKET

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors that have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

### 8.2.5 CHANGES IN GOVERNMENT LEGISLATION

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.







### 8.2.6 REGULATORY RISK

Activities undertaken by the Company and its subsidiaries may require compliance with various laws and regulations relating to the provision services as a CSO. Changes to regulatory environment may result in increased costs to the Company in order to comply with any additional regulatory requirements, and an increased risk of non-compliance with new regulation. Non-compliance may also result in financial penalties, additional expense or reputation damage.

The Company cannot predict how existing, or future laws and regulations may be interpreted by enforcement agencies or the courts, whether additional laws and regulations will be adopted, or the effect such changes may have on the Company's business or financial condition.

In addition, should the Company be required to obtain licences and approvals in respect of its operations, there is a risk that the Company may not obtain the licences or approvals that are essential to the Company's operations should a material change occur.

### 8.2.7 COMPETITION

The sector in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

### 8.2.8 TAX ISSUES

There may be tax implications arising from the acquisition of Shares, any possible receipt of dividends (both franked and un-franked) and the disposal of Shares. You should carefully consider these tax implications and if uncertain as to the relevant taxation issues, obtain further advice from a qualified professional advisor. Tax liabilities are your responsibility and the Company will not be responsible for any tax or related penalties incurred by investors.

### 8.2.9 INSURANCE

The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Accordingly, the Company may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs uninsured losses or liabilities, the value of the Company's assets may be at risk.

### 8.2.10 UNFORSEEN EXPENDITURE

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

### 8.2.11 LONG TERM INVESTMENT

Investors are strongly advised to regard an investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. The Company cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.



#### 8.2.12 FORCE MAJEURE EVENTS

Events may occur within or outside Australia or New Zealand that could impact upon the global, Australian and New Zealand economies, the operations of the Company and the price of the Shares. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's service offerings and its ability to conduct business.

#### 8.2.13 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

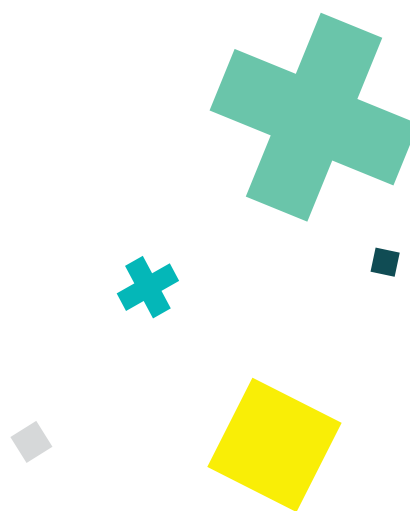
Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for Shares.

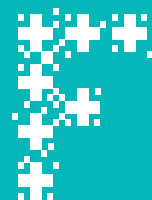
#### 8.2.14 UNFORESEEN RISKS

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company and its operations, and on the valuation and performance of the Company's Shares.

#### 8.2.15 COMBINATION OF RISKS

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in this Section could affect the performance valuation, financial performance and prospects of the Company.





# / SECTION 09

MATERIAL AGREEMENTS AND  
RELATED PARTY TRANSACTIONS





## / MATERIAL AGREEMENTS AND RELATED PARTY TRANSACTIONS

The Directors consider that there are a number of arrangements to which the Company is a party and which are either material to the Company's business, or, are such that an investor (or their advisors) would require to have details of them when deciding whether to subscribe for Shares under the Offer.

Each of the arrangements described below is a contract that is material to this Offer and the operations and affairs of the Company, which prospective investors and their advisors would reasonably expect to be disclosed in this Prospectus in order to enable an informed decision to be made regarding the Offer. The information supplied below is a summary only.

For further details of the Company's Conflict of Interest and Related Party Transaction Policy, refer to:

Section 5.2.11 Conflict of Interest and Related Party Transaction Policy; and

Section 5.2.11.1 Process to Engage Related Parties.

### 9.1 EXECUTIVE AND DIRECTORS SERVICE AGREEMENTS

#### 9.1.1 GENERAL MANAGER SERVICE AGREEMENT

Mr Daniel Morato

The Company has entered into a service agreement with Mr Daniel Morato to govern his employment as General Manager with the Company. The appointment of Mr Morato as General Manager is for a continuous term. Either party may terminate the agreement with one month notice, or in respect of the Company, payment in lieu of notice.

The fixed remuneration payable to Mr Morato comprises a base remuneration of \$157,680 per annum, inclusive of mandatory superannuation contributions and incidental benefits.

Mr Morato is also eligible to receive an annual performance bonus commensurate to 20% of the base remuneration referable to certain performance benchmarks.

Mr Morato will also be eligible for an allocation of 50,000 Shares per annum referable to performance benchmarks under the Employee Share Plan set out at Section 10.6 Employee Share Plan.

The remuneration details discussed for Mr Morato relate to his employment as General Manager. His directorship is pursuant to a letter of continuing appointment. He does not receive remuneration for his position as Director. His executive responsibilities stem only from his role as General Manager.

#### 9.1.2 NON-EXECUTIVE DIRECTORS AGREEMENTS

Pursuant to letters of continuing appointment each Non-Executive Director is continuing their appointment to the Board following listing. Non-Executive Directors, with the exception of Mr Con Tsigounis, will each be paid a director's fee of \$35,000 per annum, inclusive of statutory superannuation. Mr Tsigounis will not be paid a director's fee out of the funds of the Company.

Each of the Company's Non-Executive Directors are also entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform services outside the scope of their ordinary duties as a Director. They may also be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Company or of the Board or of any Committee or while engaged in the business of the Company.

### 9.2 ARRANGEMENT WITH IQ3CORP LTD

iQ3Corp Ltd is a corporate finance and advisory firm that provides capital raising and corporate finance advisory services to listed and unlisted companies in the Life Science industry.

The Company is a wholly owned subsidiary of iQnovate Ltd and is accordingly a related party of iQnovate. As at the date of this Prospectus, iQnovate Ltd and its wholly owned subsidiaries, are each considered by the Board to be a related party of iQ3Corp Ltd (iQ3Corp).



The Company has entered into a commercial arrangement with iQ3Corp under which iQ3Corp has been engaged by the Company to act as lead manager and corporate finance advisor and to capital raise for the Company in respect of this Offer. iQ3Corp's role is to act as the lead manager for the Offer and is required under the terms of that agreement to provide advice as to timing, pricing and structuring of the Offer, provide input on the framework, content and to assist in the preparation of this Prospectus, assist in the preparation and conduct of investor presentation materials, and marketing of the Offer. iQ3Corp will also assist in the ASX application process, Share allocation policy and other administration aspects of the Offer.

iQ3Corp has also been engaged by the Company to provide ongoing corporate secretarial services to the Company.

Under the terms of the arrangement, iQ3Corp is required to use its best endeavours to find investors to participate in the Offer and to satisfy the spread requirements for admission of the Company under the ASX Listing Rules. In consideration, the Company has agreed to pay the following fees for services rendered:

#### IPO CORPORATE FINANCE ADVISORY SERVICES

- > \$85,000 (ex GST) corporate finance advisory service fee
- > A capital raising fee of 7% of funds raised by iQ3Corp Ltd on completion of IPO raising
- > 1% of issued capital on completion of IPO

#### COMPANY SECRETARIAL SERVICES

- > \$3,000 per calendar month

iQ3Corp is also entitled to be reimbursed for its out-of-pocket expenses incurred in connection with the Offer (including legal costs) up to a maximum of \$2,000, unless otherwise agreed by the Company.

The Company also provides iQ3Corp with an indemnity (limited to the extent of the aggregate of fees due to iQ3Corp) in relation to liability that iQ3Corp may incur as a result of claims arising out of, or in connection with, the Company's breach of the IPO corporate finance advisory service agreement, except where such claim arise as a result of unauthorised disclosure, negligence or willful breach by iQ3Corp.

In respect of the services rendered under the corporate finance advisory agreement, iQ3Corp has received \$15,000 as part payment of the revenue due under the IPO corporate finance advisory service agreement.

The total potential fees to be paid to iQ3Corp under the corporate finance advisory agreement are contingent upon the Company continuing to implement its capital raising objectives and achieving a listing on an approved Australian stock exchange.

Should the Company decide to discontinue its capital raising initiatives, the proposed total fees payable to iQ3Corp under this agreement may be materially affected.

Under the terms of the corporate finance advisory agreement, both iQ3Corp Ltd and the Company may terminate the agreement on 7 days notice with cause. In the event of termination on notice by the Company, without cause, prior to the conclusion of the proposed Company offer:

- > iQ3Corp Ltd will be entitled to receive payment in full of any out-of-pocket expenses, including out-of-pocket expenses that have been incurred which have not yet been invoiced or paid; and
- > should the Company decide to seek to undertake a capital raising within 12 months of the date of termination, the Company will be obliged to offer iQ3Corp Ltd the same role to that contemplated by this agreement and on similar terms; or
- > should the Company not offer to re-appoint iQ3Corp Ltd but nevertheless undertake a capital raising, or enter into an agreement to undertake a capital raising, within 12 months of the date of termination, then iQ3Corp Ltd will be entitled to receive the fees in full calculated as if iQ3Corp Ltd had been re-appointed in accordance with the terms of the agreement.

As at the date of this Prospectus, iQ3Corp Ltd is considered by the Board to be a related party.



In approving the terms of this agreement, the Board have applied the “arm’s length terms” exception contained at Section 210 of the Corporations Act. The process engaged in by the parties prior to reaching agreement involved iQ3Corp Ltd preparing and submitting a proposal, together with third party pricing comparisons, to the management of the Company.

The parties subsequently engaged in negotiations. The final terms were agreed upon and then submitted to the Board in accordance with Section 210 of the Corporations Act.

In applying the “arm’s length terms” exception, the Board have considered the Company’s current developmental phase, the usual terms and conditions of comparable transactions between unrelated parties, competitive pressures, difficulties associated with raising capital for emerging companies and iQ3Corp Ltd’s expertise.

### 9.3 COST SHARING AGREEMENT

The Company, iQnovate Ltd, Clinical Research Corporations Pty Ltd, iQX Ltd and iQ3Corp Ltd occupy offices situated in a common location. Accordingly, each company incurs operational and administrative costs such as employee related expenses and other fees paid to external service providers, which are generally attributable to, and therefore chargeable across all five companies. These companies are legally and financially independent and not subject to accounting consolidation.

By utilising economies of scale and common administrative processes, these companies are able to eliminate waste and generate cost savings across all five companies.

Accordingly, with the objective of ensuring that each company pays for its share of these shared costs, where these are expenses, the companies have entered into an agreement to reimburse each other for the fair value of their use of the common offices, staff, services and facilities. Under the terms of the agreement:

- > Each cost allocation should reflect the business activities performed.
- > The management of each company, in consultation, will collate and allocate the costs incurred. The parameters used for cost allocation should reflect the factors

that generate the costs (i.e. cost drivers) and be clearly identifiable and measurable.

- > All cost data must be transparent and traceable.

Where the Company or either of the above companies incur operational and administrative costs in which either company will benefit, these costs are dissected and cross-charged on a reasonable basis to each company which obtained a benefit to ensure that neither company receives a financial benefit to the detriment of one of the other companies.

In the period commencing on the date of the Company’s incorporation and ending on the date of this Prospectus, the Company has either paid or received the following net amounts under the cost sharing agreement:

ENTITY	NET TOTAL RECEIVED / (PAID)
iQnovate Ltd	(\$627,705.00)
iQX Ltd	(\$72,109.71)
iQ3Corp Ltd	\$16,129.93
Clinical Research Corporation Pty Ltd	-

Examples of the common costs incurred during that period include, without limitation, costs attributable to:

- > Advertising, promotion and trade costs
- > Cleaning and waste disposal costs
- > Computer maintenance costs
- > Conference and seminars costs (where these are common)
- > Office supplies costs
- > Printing, postage and stationary costs
- > Rental of premises costs
- > Repairs and maintenance costs
- > Shared staff costs (where these are common or reasonably required for a common purpose)
- > Small assets
- > Software and hardware costs
- > Utilities costs

As at the date of this Prospectus, Clinical Research Corporations Pty Ltd, iQnovate Ltd,





iQX Ltd and iQ3Corp Ltd are each considered to be a related party of the Company. In approving the terms of this agreement, the Board have applied the “arm’s length terms” exception contained at Section 210 of the Corporations Act. In applying the “arm’s length terms” exception, the Board have considered the Company’s current developmental phase, the usual terms and conditions of comparable transactions between unrelated parties, competitive pressures and the Company’s expertise.

For further details on the Company’s Conflict of Interest and Related Party Transaction Policy refer section 5.2.11.

#### 9.4 DEED OF INDEMNITY, ACCESS AND INSURANCE

The Company and each Director has entered into a Deed of Indemnity, Access and Insurance. Under the deeds, the Company has undertaken to indemnify each Director to the maximum extent permitted by law and the Constitution, against all legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid, or incurred by a Director, in connection with their offices or a breach by the Company of its obligations under the deeds.

In addition, under the terms of the deeds the Company is obliged to insure the Directors against any of the above liability. Under the deeds, a Director is also given access to all board papers relevant to defending any claim brought against that Director in their capacity as a Director of the Company. During the period of the Director’s appointment, this access is given for the purposes of fulfilling the Director’s duties.

During the post-appointment period, a Director may only request access to copies of Board papers (or files) that relate (directly or indirectly) to the Director’s conduct in his or her capacity as an officer of the Company during the period of the Director’s appointment.

#### 9.5 UNDERWRITING AGREEMENT

The Company has engaged iQX Investment Services Pty Ltd (AFSL: 451144) to act as the underwriter to the Offer. The Offer will be underwritten pursuant to an Underwriting Agreement between iQX Investment Services Pty Ltd and FarmaForce dated 10 August 2015 (Underwriting Agreement). Subject to the terms of the Underwriting Agreement, iQX Investment Services Pty Ltd has agreed to underwrite the Offer in consideration for the following fees:

> 3% of the minimum subscription.

In addition, iQX Investment Services Pty Ltd is entitled to be reimbursed all out of pocket expenses directly relating to the performance of its function as Underwriter. iQX Investment Services Pty Ltd’s underwriting obligation will require it to subscribe for any shortfall in Applications for Shares under the minimum subscription Offer, subject to the key terms listed below.

Under the terms of the Underwriting Agreement, iQX Investment Services Pty Ltd may appoint sub-underwriters on such terms and conditions as it determines, to sub-underwrite up to the total amount of the underwritten portion of the offer. Once appointed, the underwriter may pay any sub-underwriter such part of the underwriting fee as it sees fit and agrees with the sub-underwriter. The Company shall have no obligation to make any payments to sub-underwriters.

The following is a summary of the key terms of that agreement.

##### i. Undertakings, Warranties and Indemnification

As part of the underwriting arrangements, the Company has provided certain standard representations, warranties and undertakings to iQX Investment Services Pty Ltd. These include that:

- a. Except for the Offer, the Company will not make, agree to make or announce any issues of securities for 120 days from the date Shares are allotted under the Offer.
- b. This Prospectus and other materials relating to the Offer will comply with all applicable laws and will not be misleading or deceptive (or be likely to mislead or deceive) or exclude material information.



- c. That the Company has not suffered any material adverse change in its position from that described in this Prospectus.
- d. That the Company holds all necessary licences, approvals or other authorisations necessary for it to conduct its business.
- e. That the Company is not affected by any insolvency event or litigation as at the date of the Underwriting Agreement.

Subject to certain exclusions relating to, amongst other things, fraud, willful default or negligence or misconduct of an indemnified party, the Underwriting Agreement contains an indemnity by the Company in favour of iQX Investment Services Pty Ltd and its associates, related companies, directors, agents and staff against any liabilities they incur arising out of, or in respect of, the performance of the Underwriter.

#### ii. Summary of Termination Events

Under the terms of the Underwriting Agreement, the Underwriter may terminate its obligations to satisfy a shortfall by notice in writing to the Company if:

- a. A material statement in the Prospectus is found to be untrue, misleading or deceptive or it is found that the Prospectus contains a material omission.
- b. ASIC issues a stop order under section 739(1) or (3) of the Corporations Act, gives notice of intention to hold a hearing in connection with the Prospectus or the Offer.
- c. The Company breaches or fails to comply with the Corporations Act, ASX Listing Rules, its constitution or other regulations in relation to the conduct of the Offer or the preparation of this Prospectus.
- d. Any regulatory agency commences (or gives notice of an intention to commence) any investigation, proceeding or hearing in relation to the Company, the Offer or this Prospectus or prosecutes or commences proceedings against the Company (or gives notice of an intention to do so).
- e. Any person gives the Company a notice under sections 730 or 733(3) of the Corporations Act.
- f. A supplementary or replacement Prospectus is lodged under the Corporations Act without the prior written approval of the Underwriter.
- g. Any person breaches any material contract or any material contract is altered from the form presented to the due diligence committee.
- h. A material contract is terminated (whether by breach or otherwise), rescinded, altered or amended, without the prior consent of the Underwriter.
- i. An insolvency event occurs in respect of the Company or there is a material adverse change in the assets, liabilities, financial position, profits and losses or prospects of the Company.
- j. Any person withdraws its consent to the issue of this Prospectus under section 720 of the Corporations Act.
- k. Prior to the Closing Date of the Offer, the All Ordinaries Price Index closes on any business day at a level that is 10% or more below the level of the market close on the business day before the date of the Underwriting Agreement.
- l. Prior to the Closing Date of the Offer, the ASX Small Ordinaries Index closes on any business day at a level that is 10% or more below the level of the market close on the business day before the date of the Underwriting Agreement.
- m. Prior to the Closing Date of the Offer, the S&P/ASX 200 Industrials Index closes on any business day at a level that is 10% or more below the level of the market close on the business day before the date of the Underwriting Agreement.
- n. The Company is in breach of any material obligation in the Underwriting Agreement, including a breach of any undertaking, warranty or representation made.
- o. There is a change in the senior management or Directors of the Company prior to the conclusion of the Offer.
- p. The Company alters, or announces an intention to alter, its capital structure or its Constitution without the prior consent of the Underwriter.





- q. The Due Diligence Report required under the terms of the Underwriting Agreement is false or misleading in a material sense or there is a material omission from the Due Diligence Report.
- r. The Australian Government adopts or announces any change in any applicable laws, regulation or governmental policies which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer.
- s. Any ASX approvals relating to the Listing are withdrawn, qualified or withheld (or ASX indicates they are likely to be withdrawn, qualified or withheld).
- t. Three months elapse after the date of issue of the Prospectus without ASX granting quotation of the Shares, or alternatively any grant by ASX is withdrawn.
- u. There is an outbreak of hostilities involving any of Australia, the UK, the US, the EU, China, Japan, Russia or Iran.
- v. The Company withdraws the Prospectus.

The termination events are qualified by a requirement that before being entitled to terminate the agreement, the Underwriter must have a reasonable opinion, that the relevant termination event will materially and adversely affect the Company or the Offer.

As at the date of this Prospectus, iQX Investment Services Pty Ltd is considered by the Board to be a related party. In approving the terms of this agreement, the Board applied the "arm's length terms" exception contained at Section 210 of the Corporations Act. The process engaged in by the parties prior to reaching agreement involved iQX Investment Services Pty Ltd preparing and submitting a proposal, together with third party pricing comparisons. The parties subsequently engaged in negotiations. The final terms were agreed upon and then submitted to the Board in accordance with Section 210 of the Corporations Act.

In applying the "arm's length terms" exception, the Board has considered the value accruing to the Company by ensuring the Offer will be successful, the Company's current developmental phase, the usual terms and conditions of comparable

transactions between unrelated parties, competitive pressures, difficulties associated with raising capital for emerging companies and iQX Investment Services Pty Ltd's expertise.

## 9.6 CLIENT AGREEMENTS

As noted above at Section 4.3 Milestones Reached and Section 4.9 Current Service Agreements, at the date of this Prospectus, the Company has in place a limited number of client service agreements to provide contracted sales force services to promote clients' products on their behalf (Client Agreements). These Client Agreements are ongoing and are anticipated to continue to generate revenue in the 2016 financial year. Given the nature of these agreements, and the Company's ongoing business development initiatives, the total number of client service agreements, as well as the revenue potential of each of these agreements, will vary over the next 12 months. The Company is also currently in preliminary discussions with, and is also evaluating, other potential pharmaceutical company clients as part of its business development and marketing strategies. Accordingly, any summary or forecast information about specific agreements would contain a broad range of potentially diverse outcomes and possibilities that would preclude a reliable assessment or conclusion being drawn on the basis of that information.

The Company has standardised its Client Agreements. Subject to any additional terms negotiated under the Client Agreements, the Company will typically be engaged to promote various products on behalf of its pharmaceutical company clients. In addition to being paid a fee for service (which will vary dependant on the client, the service model and the product), the Company will ordinarily be entitled to be reimbursed all out of pocket expenses directly relating to its performance under the Client Agreements such as travel, hospitality and sampling costs incurred as part of interactions with HCPs.

The following is a summary of the key terms of that agreement.



### 9.6.1 CONTRACT TERM

The term of each contract varies subject to the nature of the product being promoted and the client's goals and objectives. These agreements are generally short-term in nature. It is typical for the term of these contracts to vary between 6 months and 12 months on average, with an option to extend beyond the initial term.

### 9.6.2 ARRANGEMENTS REGARDING THE SUPPLY OF SALES FORCE PROFESSIONALS

#### Product training and promotional material

The Client will be required to supply all information necessary for the performance of the services under the Client Agreements and the work to be performed by the sales force professionals, including, without limitation:

- i. all product training;
- ii. the Client's Pharmacovigilance reporting protocol; and
- iii. any promotional materials relevant to the Products.

#### Responsibility for contracted sales force professionals

The Company will retain sole responsibility for the employment and other operational matters associated with the provision of the contracted sales force professionals under the Client Agreements. Despite the Company having operational control, clients may, if acting reasonably, direct the Company in writing to immediately end the supply of any personnel comprising the sales force professionals if such personnel:

- i. engages in serious misconduct;
- ii. is seriously negligent in the performance of their duties;
- iii. commits an act, whether at work or otherwise, which brings the client into disrepute; or
- iv. is convicted of an offence punishable by imprisonment.

If the Company agrees that the client's direction is reasonable, then it will arrange for the removal of such personnel within a reasonable period and provide a suitably qualified replacement.

#### Insurances

Although the Company maintains its own public liability insurance, professional indemnity insurance and workers compensation insurance, it is the Company's usual practice, subject to any variation negotiated by a prospective Client, to require that the Client maintain the following insurances during the term of the engagement:

- i. professional indemnity insurance policy with a minimum cover of \$20,000,000 per claim and in the annual aggregate; and
- ii. public liability insurance policy with a minimum cover of \$20,000,000 per claim and in the annual aggregate; and
- iii. products liability insurance with a minimum cover of \$20,000,000 per claim and in the annual aggregate.

#### Indemnity

Subject to certain exclusions relating to the negligence or wilful misconduct of, or on behalf of the Company, the Client Agreement contains an indemnity by the client in favour of the Company and its associates, related companies and the contracted sales force professionals against any liabilities they incur arising out of, or in respect of:

- i. any representations, acts or omissions of any personnel comprising the contracted sales force which occur in the course of providing services for the client;
- ii. any of the client's products; and/or
- iii. any of the work performed by the contracted sales force for the client.

#### Termination

Under the terms of the Client Agreements, either party may terminate its obligations under the agreement at any time and without notice if:

- i. the other party commits any material breach in the performance and observance of their obligations under this agreement and that breach is not remedied within 30 days after receiving a notice in writing from the party seeking termination which identifies and gives details of the breach; or
- ii. an insolvency event occurs with respect to the other party.



## 9.7 INTEREST OF DIRECTORS AND OTHER RELATED PARTIES

Sections 5.2.9 Remuneration of Directors, 9 Material Agreements and Related Party Transactions, 10.11 Interest of Directors and 10.12 Interests of Advisors and Experts, outline the nature and extent of the interests and fees of certain persons involved in the Offer.

With the exception of the interests and fees outlined in Sections 5.2.9 Remuneration of Directors, 9 Material Agreements and Related Party Transactions, 10.11 Interest of Directors and 10.12 Interests of Advisors and Experts of this Prospectus, no;

- > Director or proposed Director of the Company;
- > person named in the Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- > promoter of the Company; or
- > underwriter to the Offer,

holds or held, at anytime in the two year period ending on the date of this Prospectus, any other interests in:

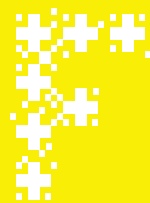
- > the formation or promotion of the Company;
- > property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities; or
- > the offer of securities, or

was paid or given or agreed to be paid or given to any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the offer of securities.



THIS PAGE IS LEFT BLANK INTENTIONALLY





# / SECTION 10

ADDITIONAL INFORMATION





## / ADDITIONAL INFORMATION

### 10.1 INCORPORATION

The Company was incorporated in New South Wales on 28 January 2014 under the Corporations Act. On 14 May 2015, the Company was converted to a public company.

### 10.2 TAX STATUS

The Company will be taxed as an Australian resident at the prevailing corporate tax rate which is currently 30%.

### 10.3 BALANCE DATE

The Company has a balance date of 30 June.

### 10.4 CAPITAL STRUCTURE

#### 10.4.1 SHARES

The following table outlines the Share structure of the Company.

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Shares on issue as at date of this Prospectus	90,000,000	90,000,000
Shares to be issued under the Offer	16,666,667	20,000,000
Shares to be issued to existing Convertible Noteholders <sup>26</sup>	19,302,500	19,302,500
Shares to be issued to Lead Manager <sup>27</sup>	1,272,416	1,306,086
<b>Total Shares on Issue on completion of Offer</b>	<b>127,241,583</b>	<b>130,608,586</b>

<sup>26</sup> The Company intends to convert Convertible Notes on issue into Shares upon the Company being admitted to the Official List and pursuant to the terms of the Convertible Note Agreement specified in Section 10.7 Convertible Note Issue of this Prospectus. At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.

<sup>27</sup> Shares to be issued to iQ3Corp Ltd under the terms of the corporate finance advisory and lead management agreement. Please refer to Section 9.2 Arrangement with iQ3Corp Ltd of this Prospectus for further details.



### 10.4.2 OPTIONS

The following table outlines the Options structure of the Company.

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Options on issue as at the date of this Prospectus	Nil	Nil
Options to be issued on completion of Offer <sup>28</sup>	19,302,500	19,302,500
<b>Total Options on Issue</b>	<b>19,302,500</b>	<b>19,302,500</b>

### 10.4.3 CONVERTIBLE NOTES

The following table outlines the Convertible Notes structure of the Company.

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Number of \$1 Convertible Notes on issue as at the date of this Prospectus	3,860,500	3,860,500
Total Convertible Notes on completion of Offer	Nil	Nil

At the date of this Prospectus, the Company has on issue, a total of 3,860,500 Convertible Notes to 73 individual Convertible Noteholders for the issues of 19,302,500 Shares. At the date of this Prospectus, Mr Daniel Morato and Mr George Elias are the only Convertible Noteholders considered by the Board to be a related party of the Company. Together, they will be entitled to receive 625,000 Shares on conversion.

## 10.5 SHARES: RIGHTS AND LIABILITIES

The following is a summary of the provisions of the Constitution governing the rights and liabilities that attach to Shares. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, you should seek independent legal advice.

### 10.5.1 RANKING

The Shares are fully paid ordinary Shares and will rank equally in all respects with the existing Shares in the Company.

### 10.5.2 REPORTS AND NOTICES

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution, the Corporations Act and the Listing Rules.

<sup>28</sup> Options will be issued to existing Convertible Noteholders on conversion of their Convertible Notes. Please refer to Section 10.8 Option Terms, of this Prospectus for further details.



### 10.5.3 GENERAL MEETINGS

Members are entitled to be present in person, or by proxy, attorney or representative to participate and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Corporations Act and the Constitution.

### 10.5.4 VOTING

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at the present time there are none) at a general meeting of the Company every ordinary member present in person, or by proxy, attorney or representative shall, on a show of hands, have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every Share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A member who holds a Share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the Share.

### 10.5.5 DIVIDENDS

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

### 10.5.6 WINDING UP

Subject to any special or preferential rights attaching to any class or classes of Shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, irrespective of the amounts paid up on Shares.

### 10.5.7 TRANSFER OF SHARES

Subject to the Constitution, the Corporations Act and the Listing Rules, the Shares will be freely transferable.

### 10.5.8 FUTURE INCREASES IN CAPITAL

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors or their associates contained in the Listing Rules, the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### 10.5.9 VARIATION OR CANCELLATION OF RIGHTS

- i. Subject to the Listing Rules, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to Shares in any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or cancelled by special resolution of the Company and;
  - a. by special resolution passed at a meeting of the class of members holding Shares in that class; or
  - b. with the written consent of members with at least 75% of the votes in the class.
- ii. The rights conferred on the holders of Shares in any class are not altered or abrogated by the creation or issue of further Shares of the same class ranking equally with or in priority to the Shares already issued, unless expressly provided in the terms of issue of the Shares issued.

### 10.6 EMPLOYEE SHARE PLAN

The Company has established an Employee Share Plan (the Plan) to assist in the attraction, retention and motivation of employees of the Company. The Plan provides a mechanism by which directors, employees and contractors may become holders of Options and performance rights to acquire beneficial interests in the Shares of the Company under the Plan. No Options or performance rights have been granted under the Plan as at the date of this Prospectus.





A summary of the Rules of the Plan is set out below:

#### 10.6.1 ELIGIBILITY

A person is eligible (Eligible Person) to participate in the Plan if he or she:

- i. is a Director or secretary of the Company or one of its subsidiaries.
- ii. is an employee in permanent full-time or permanent part-time employment who is selected by the Board to participate in the Plan, and is employed by the Company or one of its subsidiaries.
- iii. is a contractor who is selected by the Board to participate in the Plan and has provided services to the Company or one of its subsidiaries.

#### 10.6.2 MAXIMUM NUMBERS

The Company must not grant any Option, performance right or other option under the Plan if, immediately after the grant, the sum of the total number of unissued Shares over which Options, performance rights or other options (which remain outstanding) have been granted under the Plan and any other Group employee incentive scheme, but disregarding any offer made or Shares or Options issued by way of or as a result of:

- i. an offer that did not need disclosure because of Section 708 of the Corporations Act; or
- ii. an offer made under a disclosure document,

would exceed 5% of the total number of Shares on issue at the time of the proposed issue or grant.

#### 10.6.3 ENTITLEMENT TO SHARES

Subject to any capital reconstruction or Share issue that is undertaken by the Company, each option will confer an entitlement to subscribe for and be issued one Share, credited as fully paid, at a specified exercise price.

#### 10.6.4 OBLIGATION OF THE COMPANY TO ISSUE SHARES

Subject to the Plan rules, the Company must issue a Share on exercise of an Option that is issued under the Plan.

#### 10.6.5 OPTIONS SUBJECT TO THE PLAN

Options will be governed by the Plan until the Options lapse or are exercised and Shares have been issued as a result of that exercise.

#### 10.6.6 PERFORMANCE HURDLES AND OTHER VESTING CONDITIONS

Subject to the terms of the Plan, the vesting and exercise of Options may be made conditional on the achievement of performance hurdles, and the satisfaction of any other vesting conditions set out in the terms and conditions of the specific grant. The performance hurdles under the Plan (if any) will be set from time to time by the Board.

#### 10.6.7 OPTIONS PERSONAL TO PARTICIPANT

Options will be personal to the participant and may not be transferred or exercised by any other person or body corporate except to the extent necessary to enable a participant's legal personal representative to exercise the Options in accordance with the Plan rules.

#### 10.6.8 EXERCISE IN MINIMUM PARCELS

A Participant may exercise some or all of the Options he or she holds, but must exercise Options in such minimum parcels as may be prescribed by the Board from time to time and notified to the participants in writing.

#### 10.6.9 OFFER OF PERFORMANCE RIGHTS

The Board may offer performance rights to any Eligible Person at its sole discretion. Each performance right will confer an entitlement to be provided with one Share, credited as fully paid, at no cost upon the full satisfaction of the performance criteria specified by the Board in relation to that performance right.



#### 10.6.10 BOARD MAY ADD TO OR VARY PERFORMANCE RIGHTS

The Board may add to or vary any participant's performance rights, in a manner that increases the overall benefit to the participant, if the participant is promoted, receives an increase in remuneration, or if the participant's professional circumstances change such that the Board considers the previous performance rights to be no longer appropriate.

#### 10.6.11 PERFORMANCE RIGHTS NOT PROPERTY

Performance rights are personal contractual rights granted to the participant only and do not constitute any form of property. Performance rights cannot be transferred to or vest in any person or body corporate other than the participant.

#### 10.6.12 BOARD MAY DETERMINE PERFORMANCE CRITERIA

The Board may at its sole discretion determine the performance criteria which will apply to any performance rights granted under the Plan. The performance criteria will specify the criteria which the participant is required to meet in the specified performance period in order to become entitled to receive Shares under the Plan.

The Board may not vary the performance criteria or the performance period after the grant of those performance rights.

At the end of the performance period, the Board will determine whether (and, where applicable, to what extent) the participant has satisfied the performance criteria applicable to the performance period.

#### 10.6.13 QUOTATION

The Company will not seek official quotation of any Options issued under the Plan.

### 10.7 CONVERTIBLE NOTE ISSUE

The Company has issued 3,860,500 Convertible Notes, each with a face value of \$1. Each Convertible Note will convert upon issue of a conversion notice (Conversion Notice) by the Company either prior to, or on maturity of the Convertible Note.

The Purpose of the Convertible Note issue was to capitalise the Company and assist it in its initial development in anticipation of the Company's initial public offering, including assisting the Company in the development of its infrastructure.

The terms of the Convertible Notes are as follows:

#### 10.7.1 CONVERSION

The Company may (at its absolute discretion) convert each Convertible Note into Shares at any time prior to and on 31 December 2016 (the "Maturity Date"). After the Maturity Date, the Noteholder may require conversion of all notes held by the Noteholder.

The Company intends to convert all existing Convertible Notes on issue into Shares on the same date that the Company issues Shares to Applicants under this Prospectus.

#### 10.7.2 CONVERSION RATE

Each Convertible Note will convert into:

- i. a number of fully paid ordinary Shares that is equivalent to the loan advanced by the Noteholder divided by \$0.20; and
- ii. one (1) Loyalty Options for each Share that is issued on conversion of a Convertible Note. That is, on conversion of any of its Convertible Notes, the Noteholder will be entitled to one Option for every Share issued upon conversion.

Shares allotted on conversion of the Convertible Notes will rank equally in all respects with the Company's existing fully paid ordinary Shares.



### 10.7.3 PARTICIPATION IN NEW ISSUES

Prior to conversion, the Noteholder shall not be entitled to participate in:

- i. New rights issues
- ii. Any issue of bonus Shares
- iii. Any capital reconstruction

### 10.7.4 RIGHT TO TRANSFER

The Convertible Notes are not transferable.

### 10.7.5 RIGHT TO REDEEM

The Company may at its discretion elect to redeem any Convertible Note at any time prior to 31 December 2016 by paying the Noteholder the face value of the Convertible Note.

### 10.7.6 SECURITY AND INTEREST

The Convertible Notes are unsecured and do not attract interest.

## 10.8 OPTION TERMS

### 10.8.1 LOYALTY OPTIONS

Each Convertible Noteholder is entitled to one (1) Loyalty Option for every Share issued upon conversion of the Convertible Notes. The Loyalty Options will have the following terms:

- i. Entitlement - Each Loyalty Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- ii. Shares issued on the exercise of Loyalty Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution and any escrow restrictions imposed on them by the ASX.
- iii. Exercise of Loyalty Option - The Loyalty Options may be exercised during the period commencing on the two year anniversary of the date of upon which the Shares to which the Options were attached are admitted to the Official List of the ASX until 5pm AEST on the three year anniversary of the date upon which the Shares to which the Options were attached

are admitted to the Official List of the ASX. If an anniversary date falls on a day that is not a business day, the anniversary date will be the next business day.

- iv. The exercise price of each Loyalty Option is \$0.20 (subject to adjustment pursuant to the terms).
- v. There is no restriction on the number of Loyalty Options that may be exercised at any one time.
- vi. Each Loyalty Option is exercisable by the Optionholder signing and delivering a notice of exercise of Loyalty Option together with payment of the exercise price in full for each Share to be issued upon exercise of each Option to the Company's Share Registry.

### 10.8.2 EXPIRY

All Loyalty Options will lapse on the earlier of the:

- i. receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Option; or
- ii. expiry of the final date and time for exercise of the Loyalty Option.

In the event that the Optionholder disposes of any Shares to which the Loyalty Options were attached, the Company reserves the right to reduce the number of Loyalty Options held by the Optionholder pro rata to the number of Shares disposed of (i.e. 1 Loyalty Options may lapse for every 1 Share disposed of).

In the event of liquidation of the Company, all unexercised Loyalty Options will lapse.

### 10.8.3 QUOTATION

The Company will not apply to the ASX for official quotation of the Loyalty Options.

If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Loyalty Options within 10 business days of issue. The Company gives no assurance that such quotation will be granted.



#### 10.8.4 PARTICIPATION IN SECURITIES ISSUES

Subject to the terms of issue, an Optionholder is not entitled to participate in new issues of securities without exercising the Loyalty Options.

#### 10.8.5 PARTICIPATION IN A REORGANISATION OF CAPITAL

In the event of any reconstruction or reorganisation (including consolidation, subdivision, reduction or return of capital of the company) the number of Loyalty Options, the exercise price of the Loyalty Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction or reorganisation will not result in any benefits being conferred on the Optionholder which are not conferred on Shareholders.

In any reorganisation referred to above, Loyalty Options will be treated in the following manner:

- i. In the event of a consolidation of the share capital of the Company, the number of Loyalty Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio.
- ii. In the event of a subdivision of the share capital of the Company, the number of Loyalty Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio.
- iii. In the event of a return of the share capital of the Company, the number of Loyalty Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary Share.
- iv. In the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Loyalty Options and the exercise price of each Loyalty Option will remain unaltered.
- v. In the event of a pro-rata cancellation of Shares in the Company, the number of Loyalty Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Loyalty Option will be amended in inverse proportion to that ratio.
- vi. In the event of any other reorganisation of the issued capital of the Company, the number of Loyalty Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on Shareholders.

#### 10.8.6 ADJUSTMENTS TO OPTIONS AND EXERCISE PRICE

Adjustments to the number of Shares over which Loyalty Options exist and/or the exercise price may be made as described in the following paragraphs to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

##### Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of a Loyalty Option may be reduced according to the following formula:

$$O_n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- $O_n$  = the new exercise price of the Loyalty Option;
- $O$  = the old exercise price of the Loyalty Option;
- $E$  = the number of underlying securities into which one Loyalty Option is exercisable;
- $P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-right date or the ex-entitlements date;
- $S$  = the subscription price for a security under the pro rata issue;
- $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
- $N$  = the number of securities with rights or entitlements that must be held to receive a right to one new security.



#### **Pro Rata Bonus Issues**

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Loyalty Option is exercisable may be increased by the number of Shares that the Optionholder would have received if the Loyalty Option had been exercised before the record date for the bonus issue. The exercise price will not change.

#### **10.8.7 TAKEOVERS AND SCHEMES OF ARRANGEMENT**

If during the currency of any Loyalty Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of ordinary Shares on issue, then within 10 business days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Loyalty Options notwithstanding any other terms and conditions applicable to the Loyalty Options or arrangement. If the Loyalty Options are not exercised within 60 days after notification of the offer, the Loyalty Options may be exercised at any other time according to their terms of issue.

If an offer for Shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Loyalty Options held by him/her within the period notified by the Company.

#### **10.8.8 TRANSFERS NOT PERMITTED**

The Loyalty Options are not transferable.

#### **10.8.9 NOTICES**

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

#### **10.8.10 RIGHTS TO ACCOUNTS**

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

#### **10.9 LITIGATION**

The Directors are not aware of any current or threatened litigation, arbitration proceeding, administrative appeal or criminal or governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or the financial position of the Company.





## 10.10 COSTS OF THE OFFER

The total expenses estimated to be incurred by the Company in relation to this Prospectus (assuming the Minimum Subscription is raised) are approximately \$845,000 and are expected to be applied towards the items set out in the table below as follows:

ITEM OF EXPENDITURE	MINIMUM SUBSCRIPTION \$	MAXIMUM SUBSCRIPTION \$
ASX Listing Fee	\$80,700	\$81,000
ASIC Fees	\$2,500	\$2,500
Investigating Accountants	\$25,000	\$25,000
Legal Expenses	\$100,000	\$120,000
Underwriting	\$150,000	\$150,000
Capital Raising	\$350,000	\$420,000
Corporate Finance Advisory	\$85,000	\$85,000
Share Registry	\$10,000	\$12,000
Design and Printing	\$30,000	\$35,000
Other	\$11,800	\$14,500
<b>Total</b>	<b>\$845,000</b>	<b>\$945,000</b>

## 10.11 INTERESTS OF DIRECTORS

### 10.11.1 INTERESTS IN SECURITIES

The Directors are not required to hold any Shares in the Company under the Company's Constitution. The table below sets out details of direct and indirect interests of Directors in the securities of the Company at the date of this Prospectus.

NAME	SHARES			CONVERTIBLE NOTES			OPTIONS		
	Prior to Offer	Movement During Offer Period	Balance on Completion	Prior to Offer	Movement During Offer Period	Balance on Completion	Prior to Offer	Movement During Offer Period	Balance on Completion
George Elias	-	125,000	125,000	25,000	(25,000)	-	-	125,000	125,000
Daniel Morato	-	500,000	500,000	100,000	(100,000)	-	-	500,000	500,000
Stamatia Tolia	-	-	-	-	-	-	-	-	-
Con Tsigounis	-	-	-	-	-	-	-	-	-



### 10.11.2 OTHER INTERESTS OF DIRECTORS

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- i. the formation or promotion of the Company; or
- ii. property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- iii. the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the Shares.

### 10.11.3 DIRECTORS FEES

The Constitution of the Company provides that Non-Executive Directors, other than a Managing Director or an Executive Director, are entitled to remuneration as determined by the Directors but not exceeding in aggregate for any financial year the maximum sum that is from time to time approved by the Company in General Meeting. At the date of this Prospectus this maximum sum is \$300,000 (inclusive of Superannuation).

The Company aims to reward executives with a level and mix remuneration based on their position and responsibility which is both fixed and variable.

Executive's remuneration and reward framework has the following components:

- i. base pay and non-monetary benefits; and
- ii. other remuneration such as superannuation and long service leave.

This remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of profits or operating revenue.

Directors of the Company may be entitled to acquire securities in the Company under the Company's Employee Share Plan. Refer Section 10.6 Employee Share Plan, for further details.

The annual fees that the Directors of the Company are entitled to and those paid from 1 July 2015 to the date of this Prospectus, are set out in Section 5.2.9 Remuneration of Directors.

In addition to any remuneration, the Company must pay a Director all reasonable expenses (including travelling and accommodation expenses) incurred by the Director in attending meetings of the Company, the Board, or a committee of the Board on the business of the Company or in carrying out duties as a Director.





## 10.12 INTERESTS OF ADVISORS AND EXPERTS

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company with which any of those persons is or was associated, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- i. the formation or promotion of the Company; or
- ii. property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- iii. the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

- > In accordance with the terms of its engagement, as the Independent Accountant Nexia Court Financial Solutions Pty Ltd will be paid approximately \$25,000 (plus applicable GST) in relation to the provision of the Independent Accountants' Report set out in Section 7 Investigating Accountant's Report.
- > In accordance with the terms of its engagement, as lead manager and corporate advisor for the provision of company secretarial services, iQ3Corp Ltd will be paid the fees set out in Sections 9.2 Arrangements with iQ3Corp Ltd.
- > In accordance with the terms of its engagement, an Underwriter, iQX Investment Services Pty Ltd will be paid the fees set out in Section 9.5 Underwriting Agreement.

## 10.13 CONSENTS

### 10.13.1 NEXIA COURT FINANCIAL SOLUTIONS PTY LTD

Nexia Court Financial Solutions Pty Ltd has given and not withdrawn its written consent to be named herein as Investigating Accountant, in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the inclusion of its report in Section 7 Investigating Accountant's Report, in relation to the Financial Information in Section 6 Financial Information.

Nexia Court Financial Solutions Pty Ltd has had no involvement in the preparation of this Prospectus other than the inclusion of such report and such references and has not given any professional or other advice in respect of any other part of this Prospectus. Nexia Court Financial Solutions Pty Ltd does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

### 10.13.2 BOARDROOM PTY LIMITED

Boardroom Pty Limited has given and not withdrawn its written consent to be named herein as the Share Registry to the Company in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the dispatch of this Prospectus. Boardroom Pty Limited has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any other part of this Prospectus. Boardroom Pty Limited does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.





### 10.13.3 FORTUNITY ASSURANCE

Fortunity Assurance has given and not withdrawn its written consent to be named herein as the auditor to the Company in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the dispatch of this Prospectus. Fortunity Assurance has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any other part of this Prospectus. Fortunity Assurance does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

### 10.13.4 IQ3CORP LTD

iQ3Corp Ltd has given and not withdrawn its written consent to be named herein as the lead manager and corporate advisor to the Company in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the dispatch of this Prospectus. iQ3Corp Ltd has not made any statement, that is included in this Prospectus or on which a statement made in the Prospectus is based. iQ3Corp Ltd does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

iQX Investment Services Pty Ltd has given and not withdrawn its written consent to be named herein as the underwriter to the Offer in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the dispatch of this Prospectus. iQX Investment Services Pty Ltd has not made any statement, that is included in this Prospectus or on which a statement made in the Prospectus is based. iQX Investment Services Pty Ltd does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

No entity or person referred to in Section 10.13 Consents, of this Prospectus has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above in this Section has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except other than as set out elsewhere in this Prospectus.

### 10.14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company, for 12 months after the date of this Prospectus:

- i. the Constitution of the Company;
- ii. the rules of the Employee Share Plan set out in Section 10.6 Employee Share Plan; and
- iii. the consents referred to in Section 10.13 Consents.



THIS PAGE IS LEFT BLANK INTENTIONALLY





# / SECTION 11

DIRECTORS' RESPONSIBILITY  
AND CONSENT STATEMENT





## / DIRECTORS' RESPONSIBILITY AND CONSENT STATEMENT

The Directors of the Company report that for the purposes of Section 731 of the Corporations Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

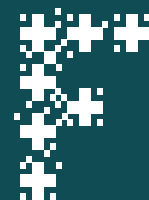
Each Director of the Company consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- i. certain matters may be reasonably expected to be known to professional advisors of the kind with whom applicants may reasonably be expected to consult; and
- ii. information is known to Applicants or their professional advisors by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

Signed on behalf of the Company by

**DANIEL MORATO**  
Executive Director



# / SECTION 12

GLOSSARY





## / GLOSSARY

These definitions are provided to assist investors in understanding some of the expressions used in this Prospectus:

TERM	DEFINITION
AEST	Australian Eastern Standard Time
Applicant	A person who submits an Application
Application	A valid application to subscribe for Shares using the Application Form
Application Form	An application form attached to or accompanying this Prospectus
Application Monies	Monies received from Applicants in respect of their Applications
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange Limited (formerly Australian Stock Exchange Limited) (ACN 008 624 691)
ASX Listing Rules	The official listing rules of the ASX (Listing Rules has the same meaning)
ASX Settlement	ASX Settlement Pty Ltd (ACN 008 504 532)
ASX Settlement Rules	The settlement rules of ASX Settlement
Board	The Board of Directors of the Company
CHESS	Clearing House Electronic Sub Register System
Company	FarmaForce Limited (ACN 167 748 843)
Constitution	The constitution of the Company
Convertible Note	A Convertible Note described in Section 10.7 Convertible Note Issue, of this Prospectus
Corporations Act	Corporations Act 2001 (Cth)
Directors	Each of the Directors of the Company from time to time
Exposure Period	The seven day period beginning on the day when this Prospectus is lodged with ASIC, or as extended by ASIC under Section 727(3) of the Corporations Act, and ending no later than fourteen days after lodgement of this Prospectus

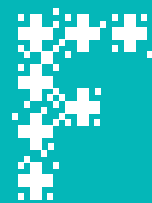


TERM	DEFINITION
FarmaForce	FarmaForce Limited (ACN 167 748 843)
HCP	Healthcare Professional
HIN	Holder Identification Number
Issue	The issue of Securities under this Prospectus
Issue Price	\$0.30 per Share
Life Science	Life Science encompasses various branches of science involved with the study of living organisms for the purpose of the Company's business, the Board considers it as the sector that utilises science and technology to deliver outcomes that are beneficial for society
Listing Rules	The Listing Rules of the ASX
Loyalty Options	An Option described in Section 10.8, Option Terms of this Prospectus
Maximum Subscription	The issue of 20,000,000 Shares to raise up to \$6,000,000
Minimum Subscription	The issue of 16,666,667 Shares to raise \$5,000,000
Offer	The offer of Shares under this Prospectus, as set out in Section 2 The Offer
Official List	The official list of the ASX
Option	An Option to acquire a Share
Plan	The Employee Share option Plan described in Section 10.6 Employee Share Plan
Prospectus	This Replacement Prospectus dated 10 August 2015
Restricted Securities	Has the meaning given to that term in the Listing Rules
Share	A fully paid ordinary Share in the Company
Share Registry	Boardroom Pty Limited
Shareholder	A holder of Shares

THIS PAGE IS LEFT BLANK INTENTIONALLY







# / SECTION 13

APPLICATION FORM



THIS PAGE IS LEFT BLANK INTENTIONALLY





# farmaforce

ACN 167 748 843

Broker Reference - Stamp Only

Broker Code

Advisor Code

## / INITIAL PUBLIC OFFERING APPLICATION FORM

Fill out this Application Form if you wish to apply for Shares in FarmaForce Limited.

- Please read the Replacement Prospectus dated 10 August 2015.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in BLOCK letters using black or blue pen.

### A NUMBER OF SHARES YOU ARE APPLYING FOR

x \$0.30 per share =

### B TOTAL AMOUNT PAYABLE

Minimum of 7,000 Shares (\$2,100) to be applied for, and thereafter in multiples of 1,000 Shares (\$300).

### C WRITE THE NAME(S) YOU WISH TO REGISTER THE SHARES IN

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

### D WRITE YOUR POSTAL ADDRESS HERE

Number/Street

Suburb/Town

State

Postcode

### E CHESS PARTICIPANT - HOLDER IDENTIFICATION NUMBER (HIN)

#### Important please note

If the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your Application will be held on the Issuer Sponsored subregister.

### F ENTER YOUR TAX FILE NUMBER(S), ABN, OR EXEMPTION CATEGORY

Type (Please Tick)

TFN

ABN

ACN

Applicant 1

TFN

ABN

ACN

Applicant 2

TFN

ABN

ACN

Applicant 3

### G PAYMENT DETAILS

Type (Please Tick)

EFT

Cheque

Please attach copy of EFT receipt or cheque.

Please enter details of cheque

Name of drawer of cheque

Cheque No.

BSB No.

Account No.

Amount

### H CONTACT PHONE NUMBER (DAYTIME/WORK/MOBILE)

### I EMAIL ADDRESS

By submitting this Application Form, I/We declare that this Application is completed and lodged according to the Replacement Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to take any number of Shares that may be allotted to the me/us pursuant to the Replacement Prospectus and declare that all details and statements made are complete and accurate. I/We agree to be bound by the constitution of FarmaForce Limited (the Company).

I/We was/were given access to the Replacement Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that:

- Our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.
- I/We understand that an investment under this Replacement Prospectus is speculative in nature and have carefully considered the risks in light of our personal circumstances (such as financial and taxation issues). I/We understand that we have not received personal financial product advice from a representative of FarmaForce Limited and any advice as to whether this investment is appropriate for my personal circumstances should have been sought from my professional advisers before deciding whether or not to invest in the Company.

Office Use Only

## / GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

### Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item A (not less than **7,000** and then in multiples of **1,000** thereafter for any additional amount subscribed. Multiply total Shares by **\$0.30** AUD to calculate the total application monies for Shares and enter the **\$amount** at B. The minimum amount of Application monies is \$2,100 and applications for less than this amount maybe rejected.
- C. Enter the **full name** you wish to appear on the register of Shares and statement of shareholding. Initials are not acceptable for first names. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Sub-register System (CHES) participants should complete their name identically to that presently registered in the CHES system.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant such as a stockbroker), you may enter your CHES HIN if you would like the allocation to be directed to your HIN. Otherwise, leave this section blank.
- NB: your registration details provided must match your CHES account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. **Cheques:** Complete cheque details as requested. Make your cheque is made payable to **FarmaForce Limited Share Offer**, cross it and mark it **"Not negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank. The total amount must agree with the amount shown at **item B**.
- G. **Electronic Fund Transfers:** If you chose to make payment by electronic funds transfer, funds should be paid to  
FarmaForce Limited Share Issue Account  
St George Banking Corporation  
BSB: 332027 A/C NO: 554 214 449
- H. Enter your **contact details**. These are not compulsory but will assist us if we need to contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

### Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual: Use given names in full, not initials	Mr John David Smith	J D Smith
Company: Use the Company's full title, no abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts: use the trustee(s) personal name(s) or full title if a company and include the appropriate designation	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Mr Michael Peter Smith <Est Lie John Smith A/C>	John Smith (deceased)
Partnerships: use the partners personal names	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Minor (a person under the age of 18): use the name of a responsible adult and include the appropriate designation	Mr John David Smith <Jane Smith A/C>	Miss Jane Smith
Clubs/Unincorporated Bodies: use office bearer(s) personal name(s)	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds: use the name of the trustee of the	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

### Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

**Mailing address:** FarmaForce Limited Share Offer, Level 3, 222 Clarence Street, Sydney NSW 2000

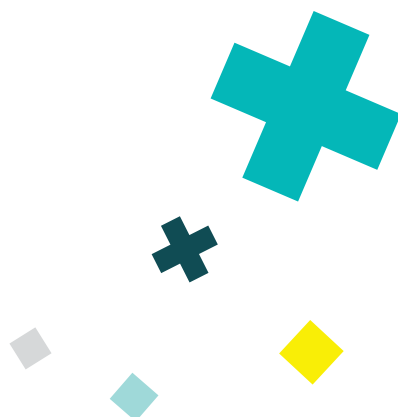
**Delivery address:** FarmaForce Limited Share Offer, Level 3, 222 Clarence Street, Sydney NSW 2000

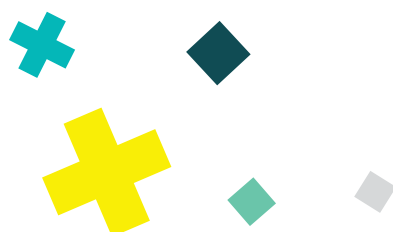
It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 (Australia) or +61 2 9290 9600 (International).

### Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).





THIS PAGE IS LEFT BLANK INTENTIONALLY





farmaforce

Level 3  
222 Clarence St, Sydney  
NSW Australia 2000

Tel: +61 2 8239 5400  
Fax: +61 2 8362 9547  
info@farmaforce.com.au  
[farmaforce.com.au](http://farmaforce.com.au)