



**Limited**

(formerly Paradigm Metals Limited)

ABN 28 102 747 133

## **Appendix 4E**

### **Preliminary Final Report**

**For the year ended 30 June 2016**



ABN 28 102 747 133

## ASX Appendix 4E

### for the 12 months ended 30 June 2016

#### 1. Company Details

Name of Entity

IODM Limited

ABN

28 102 747 133

Current period

1 July 2015 to 30 June 2016

Previous period

21 May 2015 (incorporation date) to  
30 June 2015

#### 2. Results for announcement to the market

			AUD
2.1 Revenues from continuing operations	Up	100% to	36,358
2.2 Loss from continuing operations after tax attributable to members	Up	100% to	4,074,664
2.3 Net loss for the period attributable to members	Up	100% to	4,074,664
2.4 Dividends	Amount per security	Franked amount per security	
Dividend declared	N/A	N/A	
2.5 Record date for determining entitlements to the dividend	N/A		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood			
<p>On 29 June 2016 IODM Limited (formerly Paradigm Metals Limited) completed the acquisition of The Debtor Management Hub Pty Ltd (formerly IODM Pty Ltd). Under the Australian Accounting Standards The Debtor Management Hub Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which The Debtor Management Hub Pty Ltd acquires the net assets and listing status of IODM Limited.</p> <p>Accordingly the consolidated financial statements of IODM Limited have been prepared as a continuation of the business and operations of The Debtor Management Hub Pty Ltd. As the deemed acquirer, The</p>			

Debtor Management Hub Pty Ltd has accounted for the acquisition of IODM Limited from 29 June 2016. The comparative information for the period ended 30 June 2015 is that of The Debtor Management Hub Pty Ltd from date of incorporation of 21 May 2015 to 30 June 2015 resulting in a 100% increase from the prior period for the figures in 2.1 to 2.3. For further details refer to the statement of comprehensive income together with the notes to the statement.

**3. Consolidated Statements of Comprehensive Income together with notes to the statement –**

See accompanying unaudited preliminary financial statements.

**4. Consolidated Statements of Financial Position together with notes to the statement –**

See accompanying unaudited preliminary financial statements.

**5. Consolidated Statements of Cash Flows together with notes to the statement –**

See accompanying unaudited preliminary financial statements.

**6. Consolidated Statements of Changes in Equity together with notes to the statement –**

See accompanying unaudited preliminary financial statements.

**7. Dividends**

Individual dividends per security

Final Dividend	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Current Year	N/A	N/A	N/A	N/A
Previous Year	N/A	N/A	N/A	N/A

**8. Dividend Reinvestment Plans**

The dividend or distribution plans shown below are in operation.

N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

<b>9. Net tangible assets per security</b>	30 June 2016	30 June 2015
Net tangible asset backing per ordinary security	\$0.0097	-

## **10. Details of entities over which control has been gained or lost**

### 10.1& 10.3 Control gained over entities

On 29 June 2016, IODM Limited (formerly Paradigm Metals Limited) completed the 100% acquisition of The Debtor Management Hub Pty Ltd (formerly IODM Pty Ltd). Under the Australian Accounting Standards The Debtor Management Hub Pty Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which The Debtor Management Hub Pty Ltd acquires the net assets and listing status of IODM Limited.

On 1 July 2015, the Group acquired 100% of the voting shares of The Innovative Online Debt Management Trust. The total cost of the acquisition was the issue of fully paid ordinary shares in The Debtor Management Hub Pty Ltd with a value of \$1,124.

For further detail refer to the accompanying unaudited preliminary financial statements and notes.

### 10.2 Control lost over entities

N/A

## **11 Details of associates and joint entities**

Results for announcement to the market incorporate the results of IODM Limited and the following subsidiaries:

The Debtor Management Hub Pty Ltd – 100%

The Innovative Online Debt Management Trust – 100%

Paradigm NSW Pty Limited – 100%

Paradigm Queensland Pty Ltd – 100%

Tungsten NSW Pty Ltd – 100%

## **12 Other significant information**

N/A

### 13 Foreign entities

N/A
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### 14 Commentary on results

#### 14.1 Earnings per security

Basic loss per share- \$2.32

Diluted loss per share - \$2.32

#### 14.2 Returns to shareholders

N/A

#### 14.3 Significant features of operating performance

Given the 12 months ended 30 June 2016 is the first full operating year for the Company and also the current level of operations of the Company, there are no significant features of operating performance noted by management for reporting.

#### 14.4 Results of segments

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

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

#### 14.5 Trends in performance

Given the 12 months ended 30 June 2016 is the first full operating year for the Company and also the current level of operations of the Company, there are no significant trends in performance noted by management for reporting.

#### **14.6 Other factors affecting results**

As announced on ASX on 29 January 2016, the Company entered into the IODM Share Sale Agreement pursuant to which the Company agreed, subject to Shareholder approval and satisfaction of certain conditions, to acquire all of the issued share capital in The Debtor Management Hub Pty Ltd ('TDMH').

The Company's proposed acquisition of TDMH involved a significant change in the nature and scale of the Company's activities which required Shareholder approval under Chapter 11 of the ASX Listing Rules. At the General Meeting, the Shareholders approved, amongst other things, the change of nature and scale of the Company's activities.

On 1 April 2016, the Company released a Prospectus to assist the Company in re-complying with Chapters 1 and 2 of the ASX Listing Rules due to the significant change in the nature and scale of the Company's activities as approved at a meeting of Shareholders on 29 March 2016.

On 14 June 2016, the Company announced the Offer under the Prospectus issued on 1 April 2016 was closed having raised approximately \$3,060,000 through the issue of shares at \$0.04 per share. The Prospectus shares were allotted on 29 June 2016 along with the consideration shares, performance shares and options to vendors, TDMH noteholders and IOD's broker as detailed in the Prospectus issued on 1 April 2016.

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

#### **15 Audit status**

The consolidated numbers included in this Appendix 4E are in the process of being audited.

#### **16 Likely audit opinion of accounts not yet audited**

The audit report is not expected to be subject to a modified opinion or emphasis of matter.

#### **17 Audit opinion of accounts already audited**

N/A



Print Name: Damian Arena  
Position: Managing Director  
Date: 31 August 2016

## Consolidated Statement of Profit or Loss & Other Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$	21 May 2015 to 30 June 2015 \$
<b>Revenue</b>			
Interest received		1,074	-
Other income		35,284	-
<b>Total Revenue</b>		<b>36,358</b>	<b>-</b>
Administrative Expenses		(40,320)	-
Public company costs		(461)	-
Accounting and audit fees		(6,465)	-
Legal Fees		(20,989)	-
Consultants and Directors Fees		(481,302)	-
Corporate Advisory Fees		(12,000)	-
Employee costs		(309,270)	-
Share based payment	4	(2,184,921)	-
Finance costs	23 (c)	(879,014)	-
Loss on acquisition of subsidiary	24	(43,990)	-
Other Expenses	5	(132,290)	-
<b>Loss before income tax</b>		<b>(4,074,664)</b>	<b>-</b>
Income tax expense	6	-	-
<b>Loss after tax</b>		<b>(4,074,664)</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item that may be reclassified subsequently to operating profit or loss</i>			
Foreign currency translation		-	-
<b>Total comprehensive loss for the year</b>		<b>(4,074,664)</b>	<b>-</b>
Basic and diluted loss per share (cents per share)	16	(2.32)	-

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

**Consolidated Statement of Financial Position *as at 30 June 2016***

	Notes	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	3,035,739	-
Trade and other receivables	8	165,084	-
<b>TOTAL CURRENT ASSETS</b>		<b>3,200,823</b>	<b>-</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment	9	5,874	-
Trade and other receivables	8	7,500	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>13,374</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>3,214,197</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,262,710	-
Financial liabilities – convertible notes	11	60,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,322,710</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,322,710</b>	<b>-</b>
<b>NET ASSETS</b>		<b>1,891,487</b>	<b>-</b>
<b>EQUITY</b>			
Issued capital	12	5,276,464	-
Reserves	13	689,687	-
Accumulated losses	14	(4,074,664)	-
<b>TOTAL EQUITY</b>		<b>1,891,487</b>	<b>-</b>

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

**Consolidated Statement of Changes in Equity** *for the year ended 30 June 2016*

	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	-	-	-	-
Loss for the year	-	-	(4,074,664)	<b>(4,074,664)</b>
Total comprehensive loss for the year	-	-	<b>(4,074,664)</b>	<b>(4,074,664)</b>
<i>Transactions with owners in their capacity as owners</i>				
Shares issued to acquire subsidiary	1,124	-	-	1,124
Shares issued under Prospectus	3,060,000	-	-	3,060,000
Shares issued to vendors	1,945,933	-	-	1,945,933
Shares issued to convertible noteholders	1,250,000	-	-	1,250,000
Options issued to convertible noteholders	-	379,014	-	379,014
Options issued to broker	-	310,673	-	310,673
Transaction costs relating to issue of shares	(980,593)	-	-	(980,593)
<b>Balance as at 30 June 2016</b>	<b>5,276,464</b>	<b>689,687</b>	<b>(4,074,664)</b>	<b>1,891,487</b>
Balance at 21 May 2015	-	-	-	-
Loss for the year	-	-	-	-
Total comprehensive loss for the year	-	-	-	-
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Consolidated Statement of Cash Flows** *for the year ended 30 June 2016*

	Notes	2016 \$	21 May 2015 to 30 June 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received and other income		1,074	-
Payments to suppliers and employees		(741,457)	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	7	<b>(740,383)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from convertible notes		810,000	-
Cash acquired from acquisition of subsidiary		9,216	-
Cash lost in deconsolidation		(1,238)	-
Acquisition of property and equipment		(5,691)	-
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<b>812,287</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net of issue costs)		3,012,163	-
Share issue costs		(48,328)	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>2,963,835</b>	-
Net increase in cash and cash equivalents		3,035,739	-
Cash and cash equivalents at beginning of year		-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	7	<b>3,035,739</b>	-

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

# **IODM Limited**

## ***Notes to the Consolidated Financial Statements for the year ended 30 June 2016***

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### **1. Corporate Information**

The financial report consists of the unaudited consolidated financial statements of IODM Limited and its subsidiaries ("IODM" or "the Group") for the year ended 30 June 2016. IODM is a for-profit entity.

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

### **2. Summary of Significant Accounting Policies**

#### **(a) Basis of Preparation**

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

The accounting policies disclosed below have been consistently applied to all of the years presented unless otherwise stated.

#### **(b) Statement of Compliance**

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

#### **(c) Reverse Acquisition**

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

Accordingly the consolidated financial statements of IODM Limited have been prepared as a continuation of the business and operations of The Debtor Management Hub Pty Ltd. As the deemed acquirer, The Debtor Management Hub Pty Ltd has accounted for the acquisition of IODM Limited from 29 June 2016. The comparative information for the period ended 30 June 2015 is that of The Debtor Management Hub Pty Ltd from date of incorporation of 21 May 2015 to 30 June 2015. Refer to note 4 for further details of the transaction.

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

#### **a) Statement of Profit or Loss and Other Comprehensive Income**

- The Statement of profit or loss and other comprehensive income comprises the total comprehensive income for the year ended 30 June 2016.
- The Statement of profit or loss and other comprehensive income comparatives comprises the period from incorporation of 21 May 2015 to 30 June 2015 for The Debtor Management Hub Pty Ltd only.

#### **b) Statement of Financial Position**

- The Statement of financial position as at 30 June 2016 represents the combination of IODM Group.
- The Statement of financial position comparative represents The Debtor Management Hub Pty Ltd only as at 30 June 2015.

**c) Statement of Changes in Equity**

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

**d) Statement of Cash Flows**

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

**e) Equity Structure**

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

**f) Earnings Per Share**

The weighted average number of shares outstanding for the year ended 30 June 2016 is based on the weighted average number of shares of IODM Limited outstanding in the period following the acquisition.

**(d) Principles of Consolidation**

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

A list of controlled entities is contained in note 18 to the financial statements. All controlled entities have a 30 June financial year end.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by IODM Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all controlled entities for the year then ended. IODM Limited and its controlled entities together are referred to in these Financial Statements as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

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

**Business Combinations**

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

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

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

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

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

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2016 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2011-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2017

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2011-7 and 2011-10.</p>		

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

**(f) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

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

**(g) Share based payment transactions**

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

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

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

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

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

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

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 16).

**(h) Short term employee benefits**

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

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

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

**(i) Impairment of non-financial assets other than goodwill**

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

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

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously

recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

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

**(j) Cash and cash equivalents**

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

**(k) Trade and other receivables**

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

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

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

**(l) Plant and equipment**

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

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

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

**(m) Trade and other payables**

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

**(n) Contributed equity**

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

**(o) Critical accounting estimates and judgements**

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

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

**(p) Goods and services tax**

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

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

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

**(q) Income tax**

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

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

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

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

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future

assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

**(r) Earnings per share***Basic earnings per share*

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

*Diluted earnings per share*

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

**(s) Comparative information**

The comparative information for the period ended 30 June 2015 is that of The Debtor Management Hub Pty Ltd from date of incorporation of 21 May 2015 to 30 June 2015. Refer to note 2(c) for further details.

**3. Segment Information**

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

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

**4. Reverse Acquisition Accounting**

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

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

**(a) Deemed Consideration**

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

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

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

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allocated to the Performance Shares due to the significant uncertainty of meeting the performance milestones which are based on future events.

**(b) Deemed IODM Limited Share Capital**

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

**(c) IODM Limited Reserves**

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

**(d) IODM Limited Accumulated Losses Pre-Completion**

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

**(e) Assets and Liabilities Acquired**

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

**(f) Listing Expense**

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

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

	2016	2015
	\$	\$
<b>5. Other expenses</b>		
Advertising and promotion	31,259	-
Conferences and seminars	34,264	-
Entertainment	2,369	-
Insurance	3,984	-
Maintenance expense	15,924	-
Rent and outgoings	17,103	-
Travel and accommodation	25,674	-
Website	1,713	-
Total other expenses	<b>132,290</b>	-

**6. Income tax****Income tax recognised in profit / (loss)**

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss from operations	(4,074,664)	-
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2015: 30%)		
Consolidated Entity	(1,222,399)	-
Expense of share based payments	655,476	-
Non-deductible expenses	711	-
Income tax benefit not brought to account	566,212	-
Income tax attributable to the entity	-	-

As at 30 June 2016, the consolidated entity had estimated unrecouped operating income tax losses of \$1,995,255 (2015: \$nil). The tax benefit of these losses of \$598,576 (2015: \$nil) has not been brought to account as current realisation is not probable.

The benefit will only be obtained if:

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

As at 30 June 2016 there were no franking credits available for subsequent financial years.

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

	2016	2015
	\$	\$
<b>7. Cash and cash equivalents</b>		
<b>Reconciliation of operating loss after tax to net the cash flows used in operations</b>		
Loss from ordinary activities after tax	(4,074,664)	-
<b>Non-cash items</b>		
Creditors settled for equity	879,014	-
Share based payments	2,184,921	-
<b>Changes in assets and liabilities:</b>		
Increase in trade and other creditors	367,487	-
Increase in trade and other receivables	(97,141)	-
Net cash out flow from operating activities	(740,383)	-

**Reconciliation of cash**

Cash balance comprises:

Cash at bank	3,035,739	-
	<u>3,035,739</u>	<u>-</u>

**8. Trade and other receivables****Current**

GST receivable	90,634	-
Prepayments	9,814	-
Other receivables	64,636	-
	<u>165,084</u>	<u>-</u>

**Non-Current**

Tenement guarantees (i)	7,500	-
Other receivables	-	-
	<u>7,500</u>	<u>-</u>

- (i) Tenement guarantees are classified as current if expected to be refunded within 12 months upon relinquishment of exploration tenement. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk and interest rate risk can be found in note 19.

**9. Plant and equipment**

Plant and equipment at cost	5,874	-
Accumulated depreciation	-	-
Total plant and equipment	<u>5,874</u>	<u>-</u>

*Movement in carrying amounts:*

Balance at beginning of the year	-	-
Additions	5,874	-
Disposals	-	-
Depreciation	-	-
Total plant and equipment	<u>5,874</u>	<u>-</u>

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

	2016	2015
	\$	\$
<b>10. Trade and other payables</b>		
Trade creditors	1,010,209	-
Accruals	85,833	-
Employee benefits payable	91,705	-
Other payables	74,963	-
	<u>1,262,710</u>	<u>-</u>

Trade and other payables are non-interest bearing and payable on demand. Due to their short term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

**11. Financial liabilities – Convertible notes**

Convertible notes and accrued interest	60,000	-
	<u>60,000</u>	<u>-</u>
<i>Movement in carrying amounts:</i>		
Balance at beginning of the year	-	-
Issue of convertible notes	810,000	-
Settlement of convertible notes (refer to note 23(c))	(750,000)	-
Total financial liabilities	<u>60,000</u>	<u>-</u>

Key terms of the \$60,000 convertible note remaining:

- Maturity date: 15 September 2016
- Total limit: \$60,000
- Interest rate: Reserve Bank of Australia Cash Rate plus 6% pa paid quarterly, subsequently agreed to forego interest on settlement
- Security: Unsecured

Key terms of the \$750,000 convertible notes settled on 29 June 2016 through the issue of shares and options (note 23(c)):

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

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

	2016	2015
	\$	\$

**12. Issued capital****(a) Issued and paid up capital**

Ordinary shares fully paid	<b>5,276,464</b>	-
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	2016		2015	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares on issue</b>				
Opening Balance	-	-	-	-
Issue of seed capital	112,353	1,124	-	-
IODM Limited shares on issue at acquisition date	48,648,317	-	-	-
Shares issued under Prospectus	76,500,000	3,060,000	-	-
Shares issued to vendors	175,000,000	1,945,933	-	-
Shares issued to convertible noteholders	31,250,000	1,250,000	-	-
Transaction costs on share issues	-	(980,593)	-	-
	<b>331,510,670</b>	<b>5,276,464</b>	<b>-</b>	<b>-</b>

**(c) Ordinary shares**

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

**(d) Share options**

As at the date of this report, there are 52,168,483 unissued ordinary shares under options (52,168,483 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date	Details
24,543,481	\$0.04	31/12/2016	IODM Limited listed options on issue at acquisition date (IODO)
12,000,000	\$0.04	31/03/2019	Options issued to broker
15,625,002	\$0.05	31/03/2019	Options issued to convertible noteholders

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

**(e) Capital risk management**

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2016, the Group has net assets of \$1,891,487 (2015: \$nil). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. Refer to note 19 for further information on the Group's financial risk management policies.

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

	2016	2015
	\$	\$
<b>13. Reserves</b>		
Share based payments reserve	689,687	-
Total	<u>689,687</u>	<u>-</u>

**Movements in Reserves:***Share based payment reserve*

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

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

**14. Accumulated losses**

Movements in accumulated losses were as follows:

Opening balance	-	-
Loss for the year	4,074,664	-
Balance at the end of the year	<u>4,074,664</u>	<u>-</u>

**15. Subsequent events**

There were no known significant events from the end of the financial year to the date of this report.

**16. Loss per share**

Loss used in calculating basic and dilutive EPS	<u>(4,074,664)</u>	<u>-</u>
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**Number of Shares**

**2016                      2015**

Weighted average number of ordinary shares used in calculating basic loss per share:	<u>175,433,192</u>	<u>-</u>
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**Effect of dilution:**

Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	<u>175,433,192</u>	<u>-</u>

**17. Auditors remuneration**

The auditor of IODM Limited is BDO Audit (WA) Pty Ltd

Amounts received or due and receivable to BDO Audit (WA) Pty Ltd for:

- an audit or review of the financial report	26,222	-
- non-audit related services – preparation of Investigating Accountant's Report	9,690	-
	<u>35,912</u>	<u>-</u>

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2016

#### 18. Related party disclosures

##### (a) Subsidiaries

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

Name of Entity	Country of Incorporation	Equity Holding	
		2016	2015
The Debtor Management Hub Pty Ltd	Australia	100%	-
The Innovative Online Debt Management Trust	Australia	100%	-
Paradigm NSW Pty Limited	Australia	100%	-
Paradigm Queensland Pty Limited	Australia	100%	-
Tungsten NSW Pty Limited	Australia	100%	-

#### 19. Financial Risk Management

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

	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	3,035,739	-
Trade and other receivables	172,584	-
<b>Financial Liabilities</b>		
Trade and other payables	1,262,710	-

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

##### (a) Liquidity Risk

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

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

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

##### *Maturity analysis for financial liabilities*

Financial liabilities of the Group comprise trade and other payables and convertible notes. As at 30 June 2016 trade all financial liabilities are contractually matured within 75 days.

**20. Financial Risk Management continued**

**(b) Interest Rate Risk**

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

The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	3,035,739	-

*Interest rate sensitivity*

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

Change in Basis Points	Effect on Post Tax Loss (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Increase 100 basis points	30,357	-	30,357	-
Decrease 100 basis points	(30,357)	-	(30,357)	-

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

**(c) Credit Risk Exposures**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2016, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2016 (2015: nil).

**(d) Fair Value Measurement**

There were no financial assets or liabilities at 30 June 2016 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

**20. Contingent liabilities**

There are no known contingent liabilities as at 30 June 2016 (2015: nil).

**21. Commitments**

There are no known commitments as at 30 June 2016 (2015: nil).

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2016

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#### 22. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2016.

The balance of the franking account is nil at 30 June 2016 (2015: nil).

#### 23. Share Based Payments

##### (a) Recognised share based payment transactions

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

	2016	2015
	\$	\$
<i>Acquisition of subsidiaries</i>		
Shares issued to vendors of The Debtor Management Hub Pty Ltd (refer to notes 4 and 23(b))	2,184,921	-
Shares issued to vendors of The Innovative Online Debt Management Trust (refer to notes 24 and 23(b))	1,124	-
	<u>2,186,045</u>	<u>-</u>
<i>Convertible noteholders</i>		
Share based payments to convertible noteholders, capitalised against convertible note liability (notes 11 and 23(c))	379,014	-
	<u>379,014</u>	<u>-</u>
<i>Share issue costs</i>		
Share based payments to capitalised as share issue costs (notes 12 and 23(d))	310,673	-
	<u>310,673</u>	<u>-</u>

##### (b) Acquisition of Subsidiaries

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

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

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

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

**23. Share Based Payments continued**

The terms of the Performance Shares are as follows:

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

The fair value of the Performance Shares was determined to be nil at the time of issue given Management's assessment of the likelihood of the conversion milestones as detailed above being met. As at 30 June 2016 the likelihood has been deemed nil for all Performance Shares.

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

During the financial year 112,353 shares were issued to vendors of The Innovative Online Debt Management Trust. The fair value of the shares was deemed to be \$1,124. Refer to note 24 for further detail.

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016****23. Share Based Payments continued****(c) Share based payments to convertible noteholders**

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

The fully paid ordinary shares were valued at \$1,250,000 being \$0.04 per share, the price at which shares were issued under the Prospectus dated 1 April 2016. The fair value at grant date of options granted was determined to be \$379,014 using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summaries options granted to noteholders:

Grant Date	Expiry date	Exercise price	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
29/06/2016	31/03/2019	\$0.05	15,625,002	-	-	15,625,002	15,625,002
Weighted remaining contractual life (years)			2.8	-	-	2.8	2.8
Weighted average exercise price			\$0.05	-	-	\$0.05	\$0.05

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

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

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

**(d) Share based payment to broker**

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

The fair value at grant date of options granted was determined to be \$310,673 using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summaries options granted to noteholders:

Grant Date	Expiry date	Exercise price	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
29/06/2016	31/03/2019	\$0.04	12,000,000	-	-	12,000,000	12,000,000
Weighted remaining contractual life (years)			2.8	-	-	2.8	2.8
Weighted average exercise price			\$0.04	-	-	\$0.04	\$0.04

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

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

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2016

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#### 24. Acquisition of Assets

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

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

The total cost of the acquisition was the issue of \$1,124 fully paid ordinary shares in The Debtor Management Hub Pty Ltd. The Company issued securities as described in note 22(b). It is considered that the acquisition of IODM Trust is not a business combination, but rather an acquisition of assets.

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

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

There were no acquisitions during the previous financial year.

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2016**

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**25. Parent entity information**

The following details information related to the legal parent entity, IODM Limited (formerly Paradigm Metals Limited), at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current assets	3,139,874	402,667
Non-current assets	183	806,357
<b>Total assets</b>	<b>3,140,057</b>	<b>1,209,024</b>
Current liabilities	920,519	(57,685)
Non-current liabilities	343,912	(5,000)
<b>Total liabilities</b>	<b>1,264,431</b>	<b>(62,685)</b>
<b>Net assets</b>	<b>1,875,626</b>	<b>1,146,339</b>
Issued capital	17,331,136	13,894,005
Reserves	793,095	103,409
Accumulated losses	(16,248,605)	(12,851,076)
<b>Total equity</b>	<b>1,875,626</b>	<b>1,146,339</b>
Loss of the parent entity	(1,824,915)	(1,278,199)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss of the parent entity</b>	<b>(1,824,915)</b>	<b>(1,278,199)</b>