Annual Report

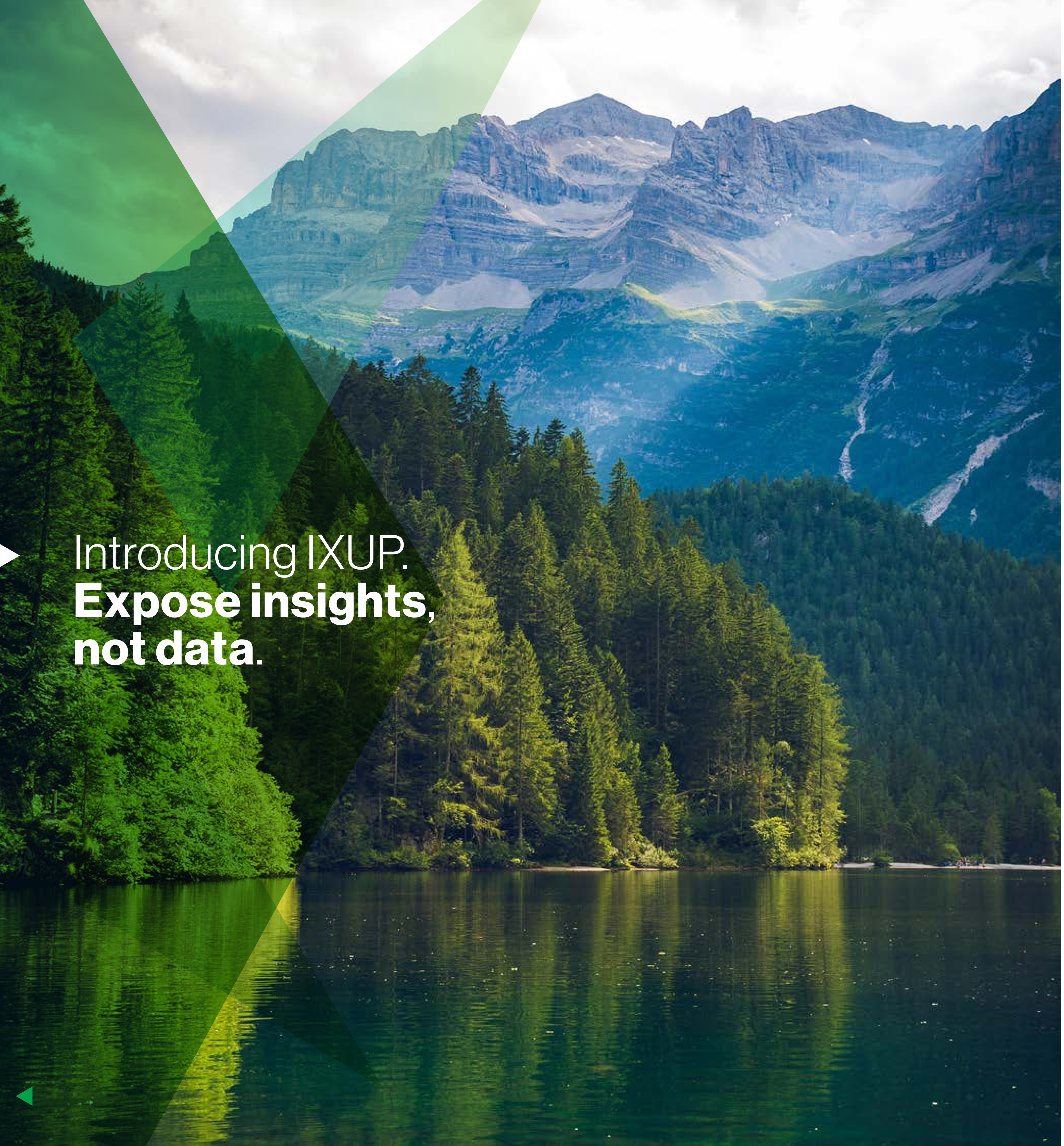
AUDITED FINANCIAL STATEMENTS
30 JUNE 2019

IXUP LIMITED
ABN 85 612 182 368

ANNUAL GENERAL MEETING:

The Annual General meeting will be held on 28 November 2019.

Table of Contents



Risk v reward: the double-edged sword of big data

As the digital era accelerates, big data has become a driving force behind innovation, productivity, growth and profits. But as the rewards grow, so do the privacy and security risks.

High profile data hacks, global social media scandals, ever tightening regulations and heightened consumer awareness have made the penalties and consequences of data breaches more serious than ever.

While analysing your own data is valuable, much richer insights, accurate forecasts and exponential value can be unlocked by sharing data sets across departments, industries, regions or even between competitors.

Traditionally this meant rolling the dice of handing over commercially sensitive data to a third party and/or decrypting your data during the process. As well as being slow and costly, the loss of control exposes you to reputational and legal risks of data loss and misuse.

IXUP is a world-leading encrypted data collaboration platform that enables sharing and analysis of data sets from multiple sources with 100% control, security and privacy.

Incorporating homomorphic encryption, the software lets you perform complex and specific calculations on multiple data sets without ever needing to decrypt it. Unlike traditional techniques, IXUP encrypts data at every step in the process – in use, in transit and at rest – so at no point is it vulnerable to the risk of data loss or misuse.

The result: organisations can now perform joint analytics and share insights on confidential, sensitive or personal data without ever unlocking, identifying or losing control of their data.

IXUP offers a unique platform that is redefining the way organisations collaborate on vast amounts of data.

Chairman's Report

I'm pleased to report that we made considerable progress in financial year 2019.

IXUP offers a unique platform that is redefining the way organisations collaborate on vast amounts of data. Our world leading encrypted data collaboration platform enables the sharing and analysis of data sets from multiple sources with complete control, security and privacy.

Data analytics broadly describes techniques that find meaningful patterns in data. Our platform goes several steps further by providing a secure and governed environment that allows enterprises to share data sets in encrypted form and run in-depth analytics without needing to decrypt them.

As data is always encrypted on IXUP's platform it is secure, solving existing challenges around data privacy. This significantly reduces the threat of cyber-attacks, fraud and data theft. Our platform enables enterprises to unlock the value of their data, with complete security and monetise potential cross-sector dynamics.

We anticipate a strong future for IXUP as data analytics becomes a fundamental, and fast growing part of the digital economy. This market is expected to grow to US$40.6 billion by 2023,[1] driven by organisations realising the operational advantage of big data analytics and increased access to cloud-based models.

Additional demand for IXUP's platform is expected to be driven through artificial intelligence (AI). AI uses process automation, machine learning and natural language processing (among other technologies) to give computers the ability to learn from their environments and make predictions which guide additional analytical processes. Access to huge amounts of data from multiple sources combined with unprecedented use of powerful processors have transformed how industries use AI across the world, and this market is expected to experience exponential growth in future years.[2]

The convergence of big data and AI markets, fuelled by increased access to cloud-based models, is expected to drive demand for the IXUP platform through the next decade.

COMMERCIALISATION UNDER WAY

With commercialisation a key focus IXUP took a strategic decision to simplify the way that clients can implement IXUP. The introduction of an on-demand, software as a service (SaaS) model that complements our existing platform as a service (PaaS) capability was a significant move that extends our market and leverages growing industry demand for flexible cloud computing services.

Our go-to-market strategy progressed with expanded distribution and partnerships with organisations that have strong domain expertise. We are excited by the opportunities being opened through these partnerships which increase our ability to attract new clients.

Our target markets include financial services, marketing and healthcare that are deeply dependent on data governed by privacy regulation. Companies in these areas need to satisfy consumers' expectations of trust while providing high-quality marketing and advice to their clients.

1. Research and Markets, Global Big Data Analytics Market – Forecast to 2023, November 2018
2. Statista. Revenues from the artificial intelligence (AI) software market worldwide from 2018 to 2025

US PATENT AWARDED

IXUP's future platform development is now supported by a patent related to reducing storage overhead through consolidating unencrypted metadata relating to associated encrypted data. During the year IXUP was awarded a United States patent in addition to an Australian innovation patent in this area.

MANAGEMENT

We are building a team that has the technology and business skills necessary to commercialise our platform. This team is capably led by Peter Leihn, who was appointed chief executive officer in November 2018.

His global business development and commercialisation experience provide the leadership strengths that position IXUP well for the future. He joined us from the Australian Government's Data61 where he was global head of commercialisation. His 25 years' business and technology experience includes senior roles for Hewlett-Packard and Autodesk.

YOUR BOARD

The board is committed to ensuring that it has a strong and diverse set of skills to guide the commercialisation of IXUP's software. I was delighted to join IXUP founder Dean Joscelyne on the board in November 2018, having advised the company on its initial public offering.

My experience includes many years in all areas of commercial and corporate law as well as guiding the progress of, and advising, numerous emerging small cap and technology companies.

Subsequent to balance date, Peter Leihn was appointed managing director, strengthening our business decision-making processes, and we also welcomed two new non-executive directors in July 2019.

Scott Wilkie brings to our board significant corporate finance and security policy, strategy and management experience acquired over more than 25 years' advising or building many global leading and emerging companies on their growth strategies including digital transformation and governance, analytics and artificial intelligence.

Freya Smith is the chief legal officer and company secretary of international payments provider OFX Group, and has counselled many of Australia's leading and emerging companies on significant matters of ethics, compliance, corporate governance, risk and reputation management.

Tim Ebbeck stepped down as executive chairman in November 2018, and Cliff Rosenberg retired as director of the company in July 2019. We thank them for their valuable contribution during their service.

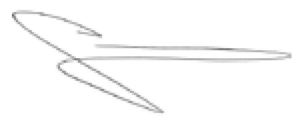
THANK YOU

I would like to thank all the members of the IXUP team for their dedication and hard work, and our channel partners for their relentless effort and achievements during the year. I am grateful for the contribution of our advisory board members Glen Boreham, Nerida Caesar and Peter Chapman whose strategic advice has been invaluable. I would also like to thank all of our shareholders for your continued support.

OUTLOOK

IXUP has a tremendous global opportunity to capitalise on the trend of enterprises using analytics to generate value. We have put in place the building blocks for growth and believe that future demand for our platform will increase due to the exponential increase in data acquisition occurring globally, the convergence of big data with artificial intelligence (AI) and a desire for organisations to monetise new data assets with minimal risk.

I look forward to updating you on IXUP's progress in the years ahead.



Grant Paterson
Chairman

Our platform allows clients to perform advanced data analytics that reveal insights but not the underlying data.

Managing Director's Report

During the year we took significant steps to transform the IXUP platform for future growth, build relationships with strategic partners and secure new clients.

Our platform allows clients to perform advanced data analytics that reveal insights but not the underlying data. While most organisations have vast amounts of data, they lack the effective governance of that data which can be provided through IXUP's platform.

Organisations including the world's fastest growing companies are striving to drive business value from their data and analytics, exploiting the convergence of big data and AI. The AI market is experiencing dynamic growth, with revenues increasing from around US$9.5 billion in 2018 to an expected US$118.6 billion by 2025,[1] presenting a significant market for IXUP's encrypted AI platform.

With trust in AI and machine learning solutions impacted by well-publicised data misuse and privacy breaches, a solution that can help restore this trust will be a competitive advantage. The integration of homomorphic encryption into our platform, allows computations on encrypted data, providing certainty that data is secure.

1. Statista. Revenues from the artificial intelligence (AI) software market worldwide from 2018 to 2025

IMPROVING DELIVERY TO CLIENTS

The launch of our SaaS platform has improved delivery to clients and represents a significant expansion in the size of IXUP's market opportunity. Clients can now use our platform through the Microsoft Azure cloud services secure environment directly, without needing infrastructure of their own. Previously, the platform was only available as a platform as a service (PaaS) solution, which required clients to manage their own Azure environment.

The SaaS solution allows clients to purchase IXUP's technology through a subscription-based licence across a range of software bundles at different price points. This extends our business model adding recurring subscription revenue to sales achieved through clients' purchase of the IXUP platform.

It also strengthens our go-to-market approach, increasing the attractiveness of our offering for partners. This aligns our business model more closely with the demand from enterprise for cloud solutions. IT spending is steadily shifting from traditional IT offerings to cloud services, a phenomenon known as cloud shift. More than $1.3 trillion in IT spending will be directly or indirectly affected by the shift to cloud by 2022.[2]

Crucially, cloud shift is not just about cloud. As organisations pursue a new IT architecture and operating philosophy, they become prepared for new opportunities in digital business, including data analytics and AI. We believe that in this evolving market, the value IXUP can deliver to organisations will grow.

2. Gartner Says 28 Percent of Spending in Key IT Segments Will Shift to the Cloud by 2022, September 18, 2018.

NEW PARTNERSHIPS

We commenced selling services through external partners during the year. Significant initiatives that are expected to enhance future growth include IXUP's agreements with:

- Deloitte Touche Tohmatsu Australia, which has agreed to resell IXUP's platform to its clients and partners through its consulting practice;
- Tech Mahindra, the multinational provider of information technology and networking technology solutions, which plans to establish a data analytics environment for secure multi-party collaboration; and
- Servian, the data and analytics consulting firm, which will host a secure data collaboration platform offering for its clients.

These partnerships create an opportunity to reach new clients and capture a greater share of the data analytics market. They also provide skilled support, ensuring IXUP's fixed labour expenditure remains stable. Over time, as our partners bring clients to their IXUP-powered platforms, this will contribute to increased revenue for IXUP. We remain focused on continuing IXUP's growth through reseller and partnership agreements in FY20 and beyond.

ESTABLISHING CUSTOMER NETWORKS

Finity, Australia's and New Zealand's largest Independent actuarial and analytics consulting firm, established a new technology platform in partnership with IXUP in September 2018, removing many barriers to working with external data and providing access to leading analytics expertise. Finity's platform is powered through our SaaS offering and allows collaboration with clients and partners' information to improve, for example, pricing, underwriting and claims management without exposing Finity to external risk.

We are actively working with organisations in other sectors to build awareness of our platform's strong competitive position.

One example is in the field of government services. Government departments are poised to share their data sets with the private sector, but will need to comply with Australian Government legislation that is expected to be tabled in the near future. This is particularly important for sectors such as healthcare and financial services which are exposed to brand and reputation risk if their data is compromised.

With world-class governance frameworks critical for these changes, the 'five safes' (projects, people, settings, data and output) have already been embraced by several government departments and use of the methodology is growing across Commonwealth countries including Australia, the UK and Canada.

After balance date, IXUP completed embedding the global five safes data framework into our platform, allowing clients to assign precisely the level of security control they want for each of the five safes.

As enterprises need to prioritise the privacy of citizens when sharing data, we believe our five safes capability will provide a unique selling point, driving demand from government organisations and corporations that exchange data with the government sector, including financial services, healthcare, aviation and other industries.

GOVERNMENT ACCREDITATION

IXUP was appointed as an approved cloud services supplier to the Australian Federal Government, as part of its Digital Transformation Agency's cloud services panel.

This supplier status puts IXUP in a strong position to sell to all levels of government with advanced security requirements and will make it easier for government agencies to take advantage of IXUP's secured data capabilities. The panel accounts for more than 40% of the Federal Government's cloud spend and has a 55% per annum growth rate.

ISO CERTIFICATION

Another highlight of the year was receiving ISO/IEC 27001 information management security certification which confirms IXUP as a best practice framework for managing information security within an organisation. This is awarded only to companies with high security standards which are cleared by independent audit to assess areas including risk management, threat mitigation, access control and physical security.

Certification provides assurance to clients globally of our ability to maintain the security of sensitive information and meet strict data compliance requirements. It is the world's most widely recognised information security management system standard.

FINANCIAL OVERVIEW

Commercialisation of IXUP's platform is underway and sales for the financial year ended 30 June 2019 were $158,500. IXUP received a refund from the Australian Tax Office under the research and development (R&D) incentive program of $712,000 related to FY18. An R&D tax rebate of $932,000 was received in September 2019 related to the FY19 financial year.

Total expenses for FY19 were $6.5 million, including R&D costs of $2.1 million. R&D expenses were apportioned across categories, with IXUP's main expenditure being employee salaries of $4.3 million and administration $2.0 million.

We have a strong pipeline of opportunities and remain in active negotiations with several enterprises, having signed memoranda of understanding and have demonstration programs underway with leading global and ASX 100 companies. IXUP continues to invest in its technology platform and at 30 June 2019 had a cash and term deposits balance of $2.3 million.

When you can trust that your data is truly secure, the real-world applications are endless.

OUR PEOPLE

A key focus has been the appointment of experienced industry executives delivering successful commercialisation for the group. During the year IXUP restructured its management team in order to prepare for planned growth, including the appointment of a chief commercial officer in August 2019 who is responsible for building our partnerships and client engagements. Automic Group principal David Franks was appointed external chief financial officer in March 2019 and our strengthened executive team is helping to drive strategic relationships and commercial opportunities.

OUTLOOK

We expect revenue growth in FY20, supported by a growing pipeline of potential new clients. Activation of partnership channels has helped build awareness of the benefits of IXUP's technology among global enterprises seeking ways to analyse their data in a well secured, governed environment.

IXUP is at the forefront of the encrypted data analytics industry which promises to be one of the most disruptive and growing sectors during the next decade. We anticipate further growth from the company's new SaaS distribution model as we continue to optimise the platform's revenue streams.

Our platform's compliance with the internationally recognised 'five safes' framework ensures we are well positioned to benefit from the Australian Government's data sharing and release reforms. These aim to promote better sharing and build trust in the use of public data; and allow data custodians to dial up or down the appropriate safeguards while maintaining the integrity of their data. These reforms will trigger greater availability of public datasets for commercial use, enabling more effective government services for citizens and greater transparency around government activities. This is expected to result in significant private sector and government technology spending on innovative services such as IXUP.

Enterprises are seeking ways to turn the massive amounts of data that they hold into decision-making tools to drive efficiencies and unlock more value. Our increasingly flexible, powerful and scalable platform ensures that we are well positioned to take advantage of this growth opportunity.

Peter Leihn
Managing Director

Our software is unique as it redefines security in analytics, enabling analytics to be performed on data while it is in encrypted form.

Chief Technology Officer’s Report

This year has seen a big leap forward in the IXUP platform on many fronts, with significant development improving user experience, technical capability and governance.

Our software is unique as it redefines security in analytics, enabling analytics to be performed on data while it is in encrypted form. This is increasingly important as owners of big data such as healthcare, aviation and financial services industries prioritise the need to ensure their data is well secured and governed.

ALLOWS CUSTOMERS TO EXPLOIT AI AND GAIN INSIGHTS THAT CAN BE MONETISED

Many of our customers and potential customers are sophisticated users of information with artificial intelligence (AI) within their business. These organisations are seeking to unlock the value of their data and want information and insights that can be instantly monetised.

Several major breakthroughs were achieved through our partnerships with Microsoft Research and Data61 and the integration of their technology into the IXUP platform. These breakthroughs led to more encrypted data operations becoming available within the platform, moving beyond being able to visualise simple exact matches to encrypted probabilistic (non-exact) matching and filtering encrypted computations using homomorphic encryption.

UNIQUE, SCALABLE ARCHITECTURE

These advances were made possible through our technology architecture which is highly scalable and elastic, with the ability to perform large computations on demand. This architecture enables privacy preserving analytics to be processed with minimal computing cost.

Our technical advances which preserve consumers’ privacy have significantly increased commercial capability and we offer services unavailable in other platforms.

ISO 27001 SUPPORTS THE HIGHEST STANDARDS OF INFORMATION SECURITY

The strong focus on formalising internal processes and systems used within the engineering and business teams culminated in IXUP receiving ISO/IEC 27001 information security management certification.

As part of our focus on user experience, sessions were organised with several customers and partners to discuss how they worked with big data and the experiences they wanted from our platform. Insight gained through this feedback has helped to define key features and the future direction of the product.

Cyber security experts have been consulted throughout the year to help build business continuity and disaster plans, audit, monitor and strengthen internal systems, as well review possible threats to IXUP and its platform.

SIGNIFICANT R&D PROGRESS

In September 2018 we introduced the IXUP Canvas for the first time. This offers a collaboration design surface that helps customers to model a data collaboration in a simple and easy to use way. A graphic representation of the collaboration lets users visualise how their data is being used and who would access it.

The architectural changes required to support the Canvas provide foundations to enable other technologies to be easily incorporated in future releases. The Canvas allows multiple data operations to be combined in any order to support more complex uses.

PROBABALISTIC MATCHES ENABLED

Just five months later, we extended the core capability of collaborations to enable probabilistic matches on encrypted data. The ability to match similar, but not identical, data allows the IXUP platform to be used in situations where data quality is not exact. The Canvas was also extended to allow collaboration outputs to be connected to reporting tools such as Power BI and Tableau, as well as exported to other cloud storage services and data warehouses including AWS Redshift, Google BigQuery and Snowflake.

We subsequently introduced homomorphic encryption using the Microsoft SEAL library and probabilistic match functionality to allow geographic matching. IXUP’s close collaboration with the Microsoft Research team has enabled IXUP to become one of the first commercially available platforms delivering post-quantum technology. This capability enables computations to be performed directly on encrypted data.

SAAS PLATFORM EXPEDITES COMMERCIALISATION

The launch of the IXUP SaaS platform allows customers to use IXUP through accessing the Microsoft Azure cloud services environment directly, without needing to purchase expensive infrastructure. Previously, the IXUP platform was only available as a platform as a service (PaaS) solution, which required customers to own and manage their own Azure environment.

FIVE SAFES DATA FRAMEWORK CAPABILITY

After balance date, we completed embedding the global five safes data framework into the IXUP platform. By controlling the security needed for each of the five safes (namely projects, people, settings, data and output), customers are able to manage risk more effectively.

Aligning with the Office of the National Data Commissioner’s data sharing principles at an early stage places IXUP at the forefront of data analytics services for the $1.2 billion Australian Commonwealth IT and digital initiatives market. The five safes are becoming a common methodology across the Commonwealth, enabling IXUP to exploit the end-to-end connectivity that we offer (as our platform is technology agnostic) with all other technologies in the market. We believe that as government and companies prioritise the privacy of individuals when sharing data, IXUP’s capability will provide a unique selling point, driving demand.

The latest enhancements support IXUP’s AI capability, and include contract specification and integration of DocuSign electronic signature management and two-person integrity (TPI) approvals for particularly sensitive collaborations.

Expanded AI with ‘protected compute’ allows users to perform unencrypted machine learning on data subsets, and then re-use the results in an encrypted analytics environment, further expanding the range of analytics that can be performed using the IXUP platform.

IXUP’s future strategy includes providing a greater unsupervised machine learning capability, increasing our AI capability and exploiting neural networks.

Paul Coe
Chief Technical Officer

75%

BY 2023, OVER 75% OF LARGE ORGANISATIONS WILL HIRE ARTIFICIAL INTELLIGENCE SPECIALISTS IN BEHAVIOUR FORENSIC, PRIVACY AND CUSTOMER TRUST TO REDUCE BRAND AND REPUTATION RISK.

Source: Gartner Predicts for the Future of Privacy 2019

90%

BY 2022, 90% OF CORPORATE STRATEGIES WILL EXPLICITLY MENTION INFORMATION AS A CRITICAL ENTERPRISE ASSET AND ANALYTICS AS AN ESSENTIAL COMPETENCY.

Source: Gartner Predicts 2019: Data and Analytics Strategy

100%

BY 2021, ORGANISATIONS THAT BYPASS PRIVACY REQUIREMENTS AND ARE CAUGHT LACKING IN PRIVACY PROTECTION WILL PAY 100% MORE IN COMPLIANCE COSTS THAN COMPETITORS THAT ADHERE TO BEST PRACTICE.

Source: Gartner Top 10 Strategic Technology Trends for 2019

Regulatory Tail Winds

22 FEBRUARY 2018

Introduction of the Notifiable Data Breaches scheme

1ST MAY 2018

Data sharing and release reforms

25 MAY 2018

General Data Protection Regulation (GDPR) comes in effect in the EU

28TH JUNE 2018

California Consumer Privacy Act

9TH AUGUST 2018

National Data Commissioner appointed

The Leadership Team

PETER LEIHN

Chief Executive Officer
and Managing Director

Peter is an outstanding executive with more than 25 years' experience in senior technology roles.
He joined IXUP from Data61, the Australian Government CSIRO specialist and technology innovator, where he was the global head of commercial based in San Francisco.

DEAN JOSCELYNE

Founder & Executive Director

Dean founded IXUP in 2011 in response to identifying a gap in the market to help organisations make better decisions using more powerful data insights. Dean has over 25 years' experience driving enterprise transformation and improving customer experience.

DAVID FRANKS

Chief Financial Officer

David has over 25 years' experience in finance and governance (including company secretarial and corporate finance), is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University.

PAUL COE

Chief Technical Officer

Paul brings more than 15 years' experience in large transformation programs that deliver complete enterprise business end-to-end solutions. Prior to IXUP, Paul held roles at Corum Group Australia, Study Group and PBL Media.

WARREN BRADEY

Chief Commercial Officer

From August, 2019

Warren brings more than 25 years' experience in commercialising early stage businesses and converting deep technology into commercial reality. Warren has led many organisations including research entities, early stage investor funds and start-ups through to listing with a focus on commercial strategy and operational execution.

CORPORATE DIRECTORY

DIRECTORS	Dean Joscelyne (Executive Director) Grant Paterson (Acting Chairman and Non-Executive Director) (Appointed 13 November 2018) Scott Wilkie (Non-Executive Director) (Appointed 2 July 2019) Freya Smith (Non-Executive Director) (Appointed 2 July 2019) Peter Leihn (Managing Director) (Appointed 2 July 2019) Tim Ebbeck (Chairman) (Resigned 13 November 2018) Cliff Rosenberg (Non-Executive Director) (Resigned 2 July 2019)
COMPANY SECRETARY (JOINT)	Andrew Whitten David Bonham (Resigned 24 May 2019)
REGISTERED OFFICE AND PRINCIPAL BUSINESS	Lot 10, Level 3 7 Bridge Street Sydney NSW 2000
SHARE REGISTER	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474 Email: registrars@linkmarketservices.com.au
AUDITOR	William Buck Audit (WA) Pty Ltd Level 3,15 Labouchere Road South Perth WA 6151
SOLICITORS	Automic Legal Pty Ltd (An Automic Group company)
BANKERS	St George Bank Limited
SECURITIES EXCHANGE LISTING	IXUP Limited shares are listed on the Australian Securities Exchange. ASX code: IXU
WEBSITE	www.ixup.com
PLACE OF INCORPORATION	Victoria, Australia

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of IXUP Limited (referred to hereafter as the 'Company', 'parent entity' or 'IXUP') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The following persons were directors of IXUP Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dean Joscelyne – Executive Director

Grant Paterson – Acting Chairman and Non-Executive Director (Appointed 13 November 2018)

Cliff Rosenberg – Non-Executive Director (Resigned 2 July 2019)

Freya Smith – Non-Executive Director (Appointed 2 July 2019)

Scott Wilkie – Non-Executive Director (Appointed 2 July 2019)

Peter Leihn – Managing Director (Appointed 2 July 2019)

Tim Ebbeck – Chairman and Acting Chief Executive Officer (Resigned 13 November 2018)

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

RESULT OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $6,588,667 (30 June 2018: $8,679,456).

REVIEW OF OPERATIONS

During the year IXUP continued to develop and commercialise its technology which allows clients to perform advanced data analytics that exposes insights, but not the data itself. This truly unique capability is designed to remove the risk of data loss and misuse, in an environment that is seeing unprecedented cyber attacks threaten businesses globally. The Company believes that future demand for the IXUP product will increase due to the exponential increase in data acquisition occurring globally, and a desire to monetise new data assets without the risk.

HIGHLIGHTS OF THE YEAR INCLUDE:

- Receiving ISO/IEC 27001 information management security certification;
- Deployment by Finity offering secure data collaboration in the Australian insurance industry;
- Launching IXUP's SaaS offerings, IXUP Light and IXUP Expert, adding to the company's platform as a service (PaaS) offering, IXUP Enable;
- Strengthening IXUP's Microsoft relationship, including SaaS deployment through Microsoft Azure and commercialisation of Microsoft Research Homomorphic Encryption technology;
- New partnership agreements signed with:
  - Leading consultant Deloitte Touche Tohmatsu Australia;
  - Australian-based data and analytics consulting firm Servian;
  - Global business process outsourcing organisation, Tech Mahindra;
- Appointment as a new cloud services supplier through the Federal Government's Digital Transformation Agency's cloud services panel;
- Continuing innovation agreement with Equifax Australia;
- Appointment of new chief executive officer;
- Appointment of outsourced chief financial officer;
- Strengthened board and governance (including appointments after balance date).

LARGE ADDRESSABLE MARKET

The company is investing in innovation and technology leadership to capitalise on the fast growth big data analytics market, which IDC's worldwide big data and analytics software forecast estimates will soon surpass US$200 billion.

SOFTWARE DEVELOPMENT AND COMMERCIALISATION

Investment continued in the company's platform which secures data analytics and delivers insights across encrypted data. IXUP provides a unique environment where data is loaded and encrypted at cell level; and then layered, indexed and matched in encrypted repositories, allowing participating organisations to retain complete control of their encrypted data and to access control rules.

IXUP continues to offer access to the IXUP platform through platform as a service (PaaS) recurring monthly subscription licences where the client wishes for consistency with their existing software management practices.

During the year, the company launched a new software as a service (SaaS) offering hosted in Microsoft Azure's enterprise grade cloud computing platform. This offers clients an alternative low cost of entry to IXUP through a scalable, monthly recurring revenue model.

The benefits to clients include:

- realising unique insights which cannot be obtained in other ways;
- ability to securely combine data while the data remains in the complete control of its owners;
- prevention of data loss or misuse;
- leading governance and compliance frameworks; and
- security of using the Microsoft Azure cloud environment.

PARTNERSHIPS

The company commenced selling its services through a channel partner model during the year. This complements the previous direct sales model and allows IXUP partners to manage customisation and implementation of the IXUP platform according to client needs in the future. The partnership model provides a cost-effective and faster way for IXUP to implement its technology without the need for a large sales team.

During the year IXUP signed new partnership agreements. These included reseller agreements with Australian-based data and analytics consulting firm, Servian; with Deloitte Touche Tohmatsu Australia; and with Tech Mahindra, the multinational provider of information technology and networking technology solutions.

APPROVED SUPPLIER TO GOVERNMENT

The company became a pre-approved cloud services supplier to all levels of government when it was appointed a new supplier through the Federal Government's Digital Transformation Agency's cloud services panel in June 2019. This increases fairness helping government agencies to manage their own procurement. The panel accounts for more than 40% of the government's cloud spend and has a 55% growth rate.

STRONG MANAGEMENT TEAM

A key focus has been appointment of experienced industry executives capable of delivering successful commercialisation for the group. In November 2018, the company announced appointment of Mr Peter Leihn as chief executive officer. In March 2019, Automic Group principal David Franks was appointed external chief financial officer.

BOARD APPOINTMENTS

On 13 November 2018, IXUP appointed Mr Grant Paterson as interim chair of the Board. Subsequent to the end of the financial year, on 2 July 2019, IXUP appointed Mr Peter Leihn as managing director and Mr Scott Wilkie and Ms Freya Smith as non-executive directors of the company. Mr Wilkie was the co-founder and director of Sovereign Cloud Australia and Ms Smith is currently the chief legal officer and company secretary of OFX Group.

FINANCIAL POSITION

The company reported sales revenue of $158,500 for the financial year ended 30 June 2019. IXUP is in the early stages of commercialisation and released its SaaS distribution model to the market in April 2019, securing its first commercial client. The global SaaS market is expected to attain a market size of US$185.5 billion by 2024 and this distribution model provides significant opportunity for growth as organisations increase their use of SaaS technologies. The company continues to invest in its technology platform and at 30 June 2019 had a cash and term deposits balance of $2.3 million.

During the year the company received an Australian Tax Office R&D tax rebate of $712,000.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as discussed above, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as discussed above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Since the listing, the Company has been focused on building out its team, developing its product, defining its brand and expanding its capability to begin the commercialisation of the product.

The Company continues to progress discussions with potential users of the IXUP platform and to progress discussions with potential partners as well as explore additional opportunities in the market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our environmental commitment

IXUP is committed to being a responsible and sustainable Group of businesses. We believe it makes good business sense to have environmental, social and governance (ESG) policies and programs where doing the right thing by our people, our partners, our environment and the communities in which we operate is part of our ethos.

Although the consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth State or Territory law, the Company is seeking to undertake in the future an analysis of Company objectives that can reduce its environmental footprint.

Corporate governance

IXUP's Board of Directors is responsible for the corporate governance of IXUP Limited. The Board guides and monitors the business affairs of the Group on behalf of stakeholders and its activities are governed by the Constitution.

Our Corporate Governance Statement is founded on the ASX Corporate Governance Council's principles and recommendations. The statement is periodically reviewed and, if necessary, revised to reflect the changing nature of the industry.

The responsibilities of the Board of Directors and those functions reserved to the Board, together with the responsibilities of the Chief Executive Officer are set out in our Board Charter. To assist with governance IXUP has established policies.

For copies of policies and charters notes in this section, please visit the IXUP website and navigate to Investors > Corporate governance.

Information on directors

NAME	Grant Paterson (Appointed 13 November 2018)
TITLE:	Acting Chairman and Non-Executive Director
EXPERIENCE AND EXPERTISE: 	Grant brings significant experience in guiding the progress of emerging small-cap companies, having been involved with numerous technology companies listed on the Australian Securities Exchange (ASX), and providing corporate advice across a variety of sectors. In addition to his chairmanship of the IXUP Board, Grant is also an experienced corporate lawyer, who founded Perth-based firm GTP Legal in 2011. GTP Legal specialises in corporate law including advising on the Corporations Act, ASX Listing Rules, IPOs and re-compliance listings, mergers and acquisitions, capital raisings, due diligence and general development primarily in the resources and technology sectors. Through his work at GTP Legal, Grant has a wide range of experience in all areas of commercial and corporate law, with a particular focus on equity capital markets and mergers and acquisitions. Mr Paterson holds a Bachelor of Law and a Bachelor of Commerce.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	4,904,167
INTERESTS IN OPTIONS:	2,750,000
INTERESTS IN RIGHTS:	750,000

NAME	Dean Joscelyne
TITLE:	Executive Director and Founder
EXPERIENCE AND EXPERTISE: 	Dean founded IXUP and is an executive director and the head of strategy & innovation. He has over 25 years' experience in business, leading large scale organisational change and is known for innovative thinking and enhancing the customer experience to amplify customer satisfaction and engagement. Dean created IXUP in 2011 because he saw a blind spot and an opportunity to solve universal problems for organisations who needed more powerful data insights, to underpin differentiating growth strategies. Dean's ability to identify problems through a unique lens and apply creative thinking led him to design a novel data collaboration platform.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	25,500,001
INTERESTS IN OPTIONS:	25,200,000
INTERESTS IN RIGHTS:	Nil

Information on directors

NAME	Peter Leihn (Appointed 2 July 2019)
TITLE:	CEO (and Managing Director from 2 July 2019)
EXPERIENCE AND EXPERTISE: 	Peter has over 25 years' business experience in senior technology roles in both industry and government, with expertise in data availability, privacy, data innovation models and tech commercialisation. He joined the Company as CEO on 8 November 2018. Prior to joining IXUP, Peter was the global head of commercial, based in San Francisco for Data61, the Australian Government CSIRO specialist data and technology innovator, where he was responsible for driving its global growth and strategy. Peter's previous leadership roles include director of the Office of the Chief Scientist for the State of NSW where he led science policy development and had oversight for strategic investment in the innovation ecosystem. This followed a long career in the Asia Pacific with global ICT companies Hewlett-Packard and Autodesk. A graduate of the Australian Institute of Company Directors (AICD), Peter holds a Bachelor's in Applied Science from the Southern Cross University; Graduate Diploma in Marketing from Monash University; Masters in Environmental Science and Law from University of Sydney and he is currently completing his PhD in Innovation Economics, with a focus on commercialisation strategies, at Swinburne University of Technology.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	1,500,000
INTERESTS IN RIGHTS:	9,000,000

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

NAME	Freya Smith (Appointed 2 July 2019)
TITLE:	Non-Executive Director
EXPERIENCE AND EXPERTISE: 	Ms Freya Smith is currently the chief legal officer and company secretary of OFX Group Limited, the Australian-based international payments provider. She is also chair and a non-executive director of the Sydney Fringe Festival. Both as a practising lawyer and company secretary, she has counselled many of Australia's leading and emerging companies on a number of significant matters of ethics, compliance, corporate governance and risk and reputation management. Ms Smith holds a Bachelor of Commerce and a Bachelor of Laws (Hons), a Master of Laws (High Distinction) and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. She is also admitted in the High Court of Australia, the Federal Court of Australia and the Supreme Court of New South Wales and is a member of the Association of Corporate Counsel; an Associate of the Governance Institute of Australia; and a member of the Australian Institute of Company Directors.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	500,000
INTERESTS IN RIGHTS:	1,500,000

NAME	Scott Wilkie (Appointed 2 July 2019)
TITLE:	Non-Executive Director
EXPERIENCE AND EXPERTISE: 	Mr Scott Wilkie is an experienced corporate and investment banking senior executive and is the founding director of Sovereign Cloud Australia ("AUCloud"), a classified provider of sovereign cloud-based technology services to the Australian government, defence, health and critical national industries. Mr Wilkie has over 25 years' experience advising and raising capital for many global leading and emerging companies on their corporate growth, innovation and security strategies including digital transformation and governance, analytics, artificial intelligence and cloud computing. Mr Wilkie has held both executive and director roles in his career during which time he obtained multiple professional qualifications and associations including with the Securities and Exchange Commission USA, Australian Securities and Investments Commission and is a Member of the Australian Institute of Company Directors. He is additionally a Member of the Australian Information Security Association, has been a guest lecturer at the National Security College and played a role in development of the Australian Cyber Security Strategy.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	500,000
INTERESTS IN RIGHTS:	1,500,000

Information on directors

NAME	Tim Ebbeck (Resigned 13 November 2018)
TITLE:	Chairman and Acting CEO
EXPERIENCE AND EXPERTISE: 	Tim has over 30 years' experience in business in a range of roles and industries including the technology industry. Tim is presently the principal of his own consultancy, providing advice to companies on transformation, innovation and growth. Previously, Tim was managing director of Oracle in Australia and New Zealand, and chief commercial officer of NBN Co, where he led the first strategic review of the NBN in 2013. Prior to NBN Co he was chief executive officer of SAP in Australia and New Zealand. He is also a former chief financial officer of SAP, Compaq, and Unisys and investment director in the venture capital industry. Tim has twice been a member of the Business Council of Australia (BCA) and its Innovation and Sustainable Growth Taskforces and an inaugural BCA Women "CSuite" Mentor. Tim holds a Bachelor of Economics degree, has completed a management program at INSEAD, is a Fellow of CPA Australia, a Fellow of the Australian Institute of Management and a Graduate Member of the Australian Institute of Company Directors.
OTHER CURRENT DIRECTORSHIPS:	GeoOp Ltd (non-executive director)
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nvoi Limited (director)
INTERESTS IN SHARES:	Nil (At resignation date)
INTERESTS IN OPTIONS:	833,334 (At resignation date, which subsequently lapsed.)
INTERESTS IN RIGHTS:	Nil (At resignation date)

NAME	Cliff Rosenberg (Resigned 2 July 2019)
TITLE:	Non-Executive Director
EXPERIENCE AND EXPERTISE: 	Cliff has spent more than 20 years working at digital companies leading innovation and change in the industry both as an entrepreneur and senior executive. Cliff was a senior executive and the managing director of LinkedIn for South East Asia, Australia and New Zealand for over seven years where he led the expansion of LinkedIn in this region. Prior to LinkedIn, Cliff was managing director at Yahoo Australia and New Zealand, and previously the founder and managing director of iTouch Australia and New Zealand, one of the biggest mobile content and application service providers in Australia. Prior to iTouch Cliff was the head of strategy for Vodafone Australasia. Cliff has a Bachelor of Business Science (Honours) degree and a Master of Science in Management and is a Member of the Australia Institute of Company Directors.
OTHER CURRENT DIRECTORSHIPS:	Non-executive director of ASX listed companies Afterpay Touch Group Limited, Nearmap Limited, Cabcharge Australia Limited and Pureprofile Ltd.
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil (At resignation date)
INTERESTS IN OPTIONS:	500,000 (At resignation date, which lapse on 31 December 2019)
INTERESTS IN RIGHTS:	1,250,000 (At resignation date, which lapse on 31 December 2019)

COMPANY SECRETARY (JOINTLY-HELD)

ANDREW WHITTEN

- Andrew is an admitted solicitor and an executive director of the Automic Group of Companies, Australia's only professional service provider that delivers a complete and integrated ecosystem of registry, company secretarial, legal, CFO and accounting services.
- Andrew is currently the company secretary for a number of publicly listed companies. He has been involved in numerous corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers over two decades.
- Andrew holds a Bachelor of Arts (Economics, UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law, UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that institute.

DAVID BONHAM (RESIGNED 24 APRIL 2019)

- David is chief financial officer and chief operating officer of IXUP in addition to his role as joint company secretary of the Company. He is a qualified accountant and brings extensive experience in financial management, business development, strategic planning and project management.
- He is a member of CPA Australia and holds a Bachelor of Business in Accounting from Western Sydney University, and an MBA from Deakin University.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	FULL BOARD	
	ATTENDED	HELD
Tim Ebbeck	4	4
Dean Joscelyne	8	8
Cliff Rosenberg	7	8
Grant Paterson	4	4

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

REMUNERATION REPORT (AUDITED)

The remuneration report details the Key Management Personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. In this report "Executive KMP" refers to members of the Executive team that are KMP and includes Mr Peter Leihn, as an executive director from 2 July 2019.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's Executive KMP reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive KMP reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that Executive KMP reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Board is responsible for determining and reviewing remuneration arrangements for its KMP. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align Executive KMP reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of plan design;
- Focusing on sustained growth in shareholder wealth, consisting of share price growth and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience;
- Reflecting competitive reward for contribution to growth in shareholder wealth; and
- Providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTOR'S REMUNERATION

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As outlined in the prospectus dated 3 October 2017 released to the ASX on 14 November 2017, the aggregate remuneration of non-executive directors has been set at an amount not to exceed $500,000 per annum.

EXECUTIVE KMP REMUNERATION

The consolidated entity aims to reward Executive KMP based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components and includes:

- Base pay and non-monetary benefits
- Short-term performance incentives
- Share-based payments
- Other remuneration such as superannuation and long service leave

The combination of these comprises the Executive KMP's total remuneration.

Fixed remuneration, comprising of base salary, superannuation and non-monetary benefits, is reviewed annually by the Board based on individual and business performance and benchmarking.

Executive KMP may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the company and provides additional value to the Executive KMP.

The short-term incentive ('STI') plan is designed to align the targets of the business with the performance hurdles of Executive KMP. STI is an annual "at risk" opportunity awarded to Executive KMP based on specific annual targets and key performance indicators. Performance conditions are clearly defined and measurable and designed to support the financial and strategic direction of the business and in turn translate to shareholder return. STI is currently awarded to Executive KMP in 100% cash.

The long-term benefits ('LTB') plan includes long service leave and share-based payments. Options and Performance Rights are awarded to Executive KMP over a period of three years based on long-term incentive measures. These include increase in shareholder value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of the following directors of IXUP Limited:

- Tim Ebbeck - Chairman and Acting CEO (Resigned 13 November 2018)
- Dean Joscelyne - Executive Director
- Cliff Rosenberg - Non-Executive Director (Resigned 2 July 2019)
- Grant Paterson – Acting Chairman and Non-Executive Director (Appointed 13 November 2018)

And the following executives:

- David Bonham - CFO (Resigned 24 May 2019)
- Peter Leihn - CEO (managing director from 2 July 2019)

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED	TOTAL
2019	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS:							
CLIFF ROSENBERG	60,242	–	–	–	–	100,828	161,070
GRANT PATERSON*	38,000	–	–	–	–	22,751	60,751
EXECUTIVE DIRECTORS:							
TIM EBBECK**	93,564	–	–	-	–	17,370	110,934
DEAN JOSCELYNE	260,000	–	–	24,700	–	-	284,700
OTHER KEY MANAGEMENT PERSONNEL:							
DAVID BONHAM***	303,677	25,000	–	29,438	–	13,546	371,661
PETER LEIHN****	227,051	-	–	21,560	–	20,665	269,276
	982,534	**25,000**	–	**75,698**	–	**175,160**	**1,258,392**

* Grant Paterson was appointed as acting chairman and non-executive director on 13 November 2018.

** Tim Ebbeck resigned as director on 13 November 2018.

*** David Bonham resigned as chief financial officer on 24 May 2019.

**** Peter Leihn had a bonus accrued as at 30 June 2019 in the amount of $32,850 which was paid in July 2019. Peter was employed from 8 November 2018 as CEO and also became managing director from 2 July 2019.

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED	TOTAL
2018	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS:							
CLIFF ROSENBERG*****	37,500	–	–	–	–	97,981	135,48
EXECUTIVE DIRECTORS:							
TIM EBBECK*****	269,565	-	-	-	–	238,009	507,57
DEAN JOSCELYNE	260,000	-	66,625	24,700	–	2,728,274	3,079,59
MARC GOLDMAN******	252,527	50,000	-	28,740	–	502,274	833,54
RHONA MARKS******	34,463	-	-	3,274	–	57,074	94,81
OTHER KEY MANAGEMENT PERSONNEL:							
DAVID BONHAM****	82,841	–	–	7,870	–	–	90,711
	936,896	**50,000**	**66,625**	**64,584**	–	**3,623,612**	**4,741,717**

****** Rhona Marks and Marc Goldman resigned as directors on 29 September 2017.

***** Tim Ebbeck and Cliff Rosenberg were appointed as directors on 29 September 2017.

**** David Bonham was appointed as chief financial officer on 12 March 2018.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2019	2018	2019	2018	2019	2018
NON-EXECUTIVE DIRECTORS:						
CLIFF ROSENBERG	37%	28%	–	–	63%	72%
GRANT PATERSON	63%	–	–	–	37%	-
EXECUTIVE DIRECTORS:						
TIM EBBECK	84%	53%	–	–	16%	47%
DEAN JOSCELYNE	100%	8%	–	–	–	92%
RHONA MARKS	-	100%	–	–	–	-
MARC GOLDMAN	-	34%	–	6%	–	60%
OTHER KEY MANAGEMENT PERSONNEL:						
DAVID BONHAM	90%	100%	7%	–	3%	–
PETER LEIHN	92%	–	–	–	8%	–

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. Details of these agreements are as follows:

Service agreements

NAME	Tim Ebbeck (Resigned 13 November 2018)
TERM OF AGREEMENT:	The principal terms of Tim Ebbeck's current agreement are as follows: (i) A fee of $200,000 per annum (inclusive of GST) for consultancy services for a fixed term until 30 April 2019; (ii) As from 1 May 2018 the Company will pay: (a) $250,000 per annum to the Consultant for services as the Acting CEO (resigned 6 September 2018); and (b) $110,000 per annum for role as Company Chairman. (iii) The Company will make a short-term incentive payment of up to $100,000 in relation to the period 1 January 2018 to 31 December 2018 inclusive. Payment will be made on successful delivery of key performance indicators.

NAME	Dean Joscelyne
AGREEMENT COMMENCED:	The principal terms of Dean Joscelyne's current agreement are as follows: (i) A base salary of $260,000 per annum (exclusive of statutory superannuation). (ii) A bonus of 13% of the base salary at the Company's discretion. (iii) Entitlement to participate in employee and executive incentive plans and the Company may provide additional bonus and incentives. Mr Joscelyne has been granted 1,000,000 Plan Options pursuant to the Option Plan. These have since been cancelled at Mr Joscelyne's request as announced to the market on 13 July 2018. (iv) The agreement has no fixed term and may be terminated: (A) by either party without cause with 12 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (v) Other industry standard provisions for a senior executive of a public listed company.

NAME	David Bonham (Resigned 24 May 2019)
TERM OF AGREEMENT:	The principal terms of the current agreement for Mr Bonham are as follows: (i) A base salary of $320,000 per annum (exclusive of statutory superannuation). (ii) A performance bonus of $25,000 for the successful completion of the first year's trading post listing measured by cash burn being on-budget and successful conclusion of AGM. (iii) A bonus of 30% of the base salary at the Company's discretion is subject to approval. (iv) Entitlement to participate in employee and executive incentive plans and the Company may provide additional bonus and incentives. Mr Bonham has been granted 1,750,000 Plan Options pursuant to the Option Plan. (v) The agreement has no fixed term and may be terminated: (A) by either party without cause with 10 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (vi) Other industry standard provisions for a senior executive of a public listed company.

NAME	Peter Leihn
TERM OF AGREEMENT:	The principal terms of Peter Leihn's current agreement are as follows: (i) A base salary of $350,000 per annum (exclusive of statutory superannuation). (ii) Entitlement to participate in employee and executive incentive plans up to a maximum annual incentive of $150,000 (iii) The agreement has no fixed term and may be terminated: (A) by either party without cause with three months' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (iv) Initial ESOP Grant of 1,500,000 options vesting over three years and at strike price in accordance with scheme. 1,500,000 IXUP performance share rights, being 500,000 Class A, 500,000 Class B and 500,000 Class C rights. Performance criteria for all classes of performance rights: (A) two years of continuous employment, and (B) The company achieving Cumulative Contracted Revenue of: - Class A AU$5m - Class B AU$10m - Class C AU$15m (iv) Other industry standard provisions for a senior executive of a public listed company.

The Constitution of the Company provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders or, until so, by the directors. The aggregate remuneration for non-executive directors as outlined in the prospectus dated 3 October 2017 has been set at an amount not to exceed $500,000 per annum. The board has resolved that the non-executive directors' base fee will be $60,000 per annum for non-executive directors (inclusive of statutory superannuation) and an additional $10,000 per annum (inclusive of statutory superannuation) for each board committee that they participate in commencing on official quotation. Mr Grant Paterson and Mr Cliff Rosenberg are non-executive directors. From 2 July 2019, Mr Wilkie and Ms Smith are non-executive directors.

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to directors and Executive KMP as part of compensation during the year ended 30 June 2019.

Options over equity instruments

The terms and conditions of each grant of options and performance rights over ordinary shares affecting remuneration of directors and Executive KMP in this financial year or future reporting years are as follows:

Issued in the year ended 30 June 2018

- Dean Joscelyne was issued 25,200,000 unlisted options (Issued 1 September 2017 option holder is entitled to purchase one fully-paid share in the Company for $0.25 per option over the 5-year life of the option to 14 November 2022). In addition, Dean Joscelyne was issued 1,000,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022). These plan options were cancelled on 13 July 2018 at Mr Joscelyne's request.
- Tim Ebbeck was issued 1,250,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022). 416,666 plan options were forfeited on 13 November 2018 upon resignation and 833,334 plan options lapsed on 11 February 2019 as not exercised.
- Cliff Rosenberg was issued 500,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).
- Marc Goldman was issued 1,000,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022). In addition, Marc Goldman was issued 4,200,000 unlisted options on 1 September 2017. The option holder is entitled to purchase one fully-paid share in the Company for $0.25 per option over the 5-year life of the option to 14 November 2022).
- Rhona Marks was issued 1,000,000 plan options (Issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).
- Grant Paterson was issued 2,000,000 unlisted options (Issued 15 November 2017, unlisted and unvested, exercisable at 25 cents per option, expire on 15 November 2022). These were not related to remuneration.

Issued in the year ended 30 June 2019

- Grant Paterson was issued 750,000 plan options (Issued 20 December 2018, exercisable at 25 cents per option, expire on 20 December 2023).
- David Bonham was issued 1,750,000 plan options (Issued 20 December 2018, unlisted and unvested, exercisable at $0.25 per option, expire 20 December 2023). 1,166,667 plan options were forfeited on 24 May 2019 upon resignation.
- Peter Leihn was issued 1,500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 10 April 2024).

Issued in the year ended 30 June 2020 (no effect on this financial report)

- Freya Smith was issued 500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 14 November 2022).
- Scott Wilkie was issued 500,000 unlisted options (Issued 2 July 2019, unlisted and unvested, exercisable at 25 cents per option, expire on 14 November 2022).

Performance rights

Performance rights over ordinary shares issued to directors and Executive KMP as part of compensation that were outstanding as at 30 June 2019 are as follows:

Issued in the year ended 30 June 2018

- Tim Ebbeck was issued 3,000,000 performance rights on 15 November 2017 (1,000,000 unlisted and unvested Class A performance rights; 1,000,000 unlisted and unvested Class B - Performance Rights; 1,000,000 unlisted and unvested Class C Performance Rights). These were forfeited on resignation on 13 November 2018.
- Cliff Rosenberg was issued 1,250,000 performance rights on 15 November 2017 (416,667, unlisted and unvested Class A Performance Rights; 416,667 unlisted and unvested Class B Performance Rights; 416,666 unlisted and unvested Class C Performance Rights).

Issued in the year ended 30 June 2019

- Grant Paterson was issued 750,000 performance rights on 20 December 2018 (250,000 unlisted and unvested Class A Performance Rights; 250,000 unlisted and unvested Class B Performance Rights and 250,000 unlisted and unvested Class C Performance Rights).

Issued in the year ended 30 June 2020 (no effect on this financial report)

- Freya Smith was issued 1,500,000 performance rights on 2 July 2019 (500,000 unlisted and unvested Class A Performance Rights; 500,000 unlisted and unvested Class B Performance Rights and 500,000 unlisted and unvested Class C Performance Rights).
- Scott Wilkie was issued 1,500,000 performance rights on 2 July 2019 (500,000 unlisted and unvested Class A Performance Rights; 500,000 unlisted and unvested Class B Performance Rights and 500,000 unlisted and unvested Class C Performance Rights).
- Peter Leihn was issued 9,000,000 performance rights on 2 July 2019 (3,000,000 unlisted and unvested Class A Performance Rights; 3,000,000 unlisted and unvested Class B Performance Rights and 3,000,000 unlisted and unvested Class C Performance Rights).

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	2016	2015
	$	$	$	$	$
REVENUE	158,500	120,000	153,695	247,610	240,000
PROFIT/(LOSS) AFTER INCOME TAX	(6,588,667)	(8,679,456)	(2,993,668)	(4,461,184)	1,012,757

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
SHARE PRICE AT FINANCIAL YEAR END ($)	0.07	0.28	–	–	–
BASIC EARNINGS PER SHARE (CENTS PER SHARE)	(4.16)	(7.04)	(6.62)	(7.30)	–

ADDITIONAL DISCLOSURES RELATING TO KMP

Shareholding

The number of shares in the Company held during the financial year by each director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUN-ERATION	ADDITIONS	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
ORDINARY SHARES					
DEAN JOSCELYNE*	25,500,001	–	–	–	25,500,001
MARC GOLDMAN**	4,500,000	–	–	(4,500,000)	-
GRANT PATERSON***	–	–	4,904,167	–	4,904,167
	30,000,001	–	**4,904,167**	**(4,500,000)**	**30,404,168**

* Dean Joscelyne holds his interests in shares indirectly through the Joscelyne Investments Pty Ltd atf Joscelyne Investments Unit Trust of which he is the ultimate controlling party.

** Marc Goldman resigned on 29 September 2017 as executive director and on 6 July 2018 as chief operating officer. Not considered a member of key management personnel at end of year and therefore all holding removed, although he held 4,200,000 shares at year end.

*** Grant Paterson was appointed acting chairman and non-executive director on 13 November 2018 and holds his interests indirectly through Brown Bricks Pty Ltd.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

OPTIONS OVER ORDINARY SHARES	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
TIM EBBECK	1,250,000	-	-	(1,250,000)	-
DEAN JOSCELYNE*	26,200,000	-	-	(1,000,000)	25,200,000
CLIFF ROSENBERG **	500,000	-	-	-	500,000
MARC GOLDMAN***	5,200,000	-	-	(5,200,000)	-
RHONA MARKS****	1,000,000	-	-	(1,000,000)	-
PETER LEIHN	-	1,500,000	-	-	1,500,000
DAVID BONHAM*****	-	1,750,000	-	(1,750,000)	-
GRANT PATERSON******	2,000,000	750,000	-	-	2,750,000
	36,150,000	**4,000,000**	**-**	**(10,200,000)**	**29,950,000**

* Dean Joscelyne holds his interests in shares indirectly through the Joscelyne Investments Pty Ltd atf Joscelyne Investments Unit Trust of which he is the ultimate controlling party.

** Cliff Rosenberg resigned as director after the financial year. These options lapse on 31 December 2019.

*** Marc Goldman resigned on 29 September 2017 as executive director and on 6 July 2018 as chief operating officer. Not considered a member of key management personnel at end of year and therefore all holding removed, although he held 4,200,000 options at year end.

**** Rhona Marks is not considered a member of key management personnel at end of year and therefore all holding removed, although she held 1,000,000 options at year end.

***** David Bonhan resigned on 24 May 2019. Not considered a member of key management personnel at end of year and therefore all holding removed, although he held 583,333 options at year end.

****** Grant Paterson was appointed acting chairman and non-executive director on 13 November 2018 and holds his interests indirectly through Greyskull Nominees Pty Ltd and Brown Bricks Pty Ltd <HM A/C>.

Performance rights

The number of performance rights over ordinary shares in the company held during the financial year by each director and Executive KMP of the consolidated entity, including their personally related parties, is set out below:

PERFORMANCE RIGHTS	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
TIM EBBECK	3,000,000	-	-	(3,000,000)	-
CLIFF ROSENBERG *	1,250,000	-	-	-	1,250,000
GRANT PATERSON	-	750,000	-	-	750,000
	4,250,000	**750,000**	_	**(3,000,000)**	**2,000,000**

* Cliff Rosenberg resigned as director after the financial year. These performance rights lapse on 31 December 2019.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of IXUP under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
1 September 2017	14 November 2022	$0.25	30,600,000
1 September 2017	14 November 2022	$0.25	10,826,470
1 September 2017	14 November 2022	$0.25	2,000,000
15 November 2017	14 November 2022	$0.25	15,000,000
15 November 2017	14 November 2022	$0.25	1,740,000
20 December 2018	20 December 2023	$0.25	3,851,666
10 April 2019	10 April 2024	$0.25	1,900,000
4 July 2019	14 November 2022	$0.25	1,000,000
			66,918,136

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of IXUP under performance rights at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER RIGHTS
15 November 2017	14 November 2022	$0.00	2,250,000
20 December 2018	14 November 2022	$0.00	1,750,000
4 July 2019	14 November 2022	$0.00	12,000,000
			16,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of IXUP issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

There were no ordinary shares of IXUP issued on the exercise of performance rights during the year ended 30 June 2019 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

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

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

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

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

OFFICERS OF THE COMPANY WHO ARE FORMER DIRECTORS OF WILLIAM BUCK AUDIT (WA) PTY LTD

There are no officers of the company who are former directors of William Buck Audit (WA) Pty Ltd.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

AUDITOR

William Buck Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Grant Paterson
Chairman
29 August 2019

Backed by the best.

IXUP is ISO/IEC 27001 certified, has a unique governance control protocol, is powered by Microsoft Azure and backed by reseller partners including Deloitte Australia, Tech Mahindra and Servian.

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IXUP LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director
Dated this 29th day of August, 2019

CHARTERED ACCOUNTANTS & ADVISORS

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South Perth WA 6151

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South Perth WA 6951

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williambuck.com

Table of Contents

GENERAL INFORMATION

The consolidated financial report covers IXUP Limited (the "Company") and its controlled entities (together the "Consolidated Entity" or "Group").

IXUP Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lot 10, Level 3
7 Bridge Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2019. The directors have the power to amend and reissue the financial statements.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is available on the Company's website at ixup.com

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		CONSOLIDATED	
	NOTE	2019	2018
REVENUE			
Revenue	4	158,500	120,000
Cost of sales	5	(59,608)	(148,935)
Gross profit		98,892	(28,935)
Interest revenue calculated using the effective interest method		116,095	89,859
Research & development tax rebate		712,498	462,974
EXPENSES			
Employee benefits expense		(4,264,363)	(2,957,975)
Other personnel costs (share-based costs)	29	(465,416)	(3,875,180)
Depreciation and amortisation expense	5	(571,409)	(590,058)
Occupancy cost		(218,446)	(230,169)
Administration costs		(1,989,812)	(1,544,042)
Finance costs	5	(6,706)	(5,930)
LOSS BEFORE INCOME TAX EXPENSE		(6,588,667)	(8,679,456)
Income tax expense	6	-	-
LOSS AFTER INCOME TAX EXPENSE FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF IXUP LIMITED	16	(6,588,667)	(8,679,456)
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF IXUP LIMITED		(6,588,667)	(8,679,456)
		Cents	**Cents**
Basic earnings per share	28	(4.16)	(7.04)
Diluted earnings per share	28	(4.16)	(7.04)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED	
	NOTE	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,005,194	1,576,127
Other receivables	8	35,184	291,772
Other financial assets	9	250,000	6,052,356
Prepayments		49,350	9,823
Total current assets		2,339,728	7,930,078
NON-CURRENT ASSETS			
Property, plant and equipment	10	47,515	73,189
Intangibles	11	-	520,244
Total non-current assets		47,515	593,433
TOTAL ASSETS		2,387,243	8,523,511
LIABILITIES			
CURRENT LIABILITIES		-	-
Trade and other payables	12	542,885	589,080
Provisions	13	263,600	230,422
Total current liabilities		806,485	819,502
TOTAL LIABILITIES		806,485	819,502
NET ASSETS		1,580,758	7,704,009
EQUITY			
Issued capital	14	16,038,325	16,038,325
Reserves	15	7,840,393	7,799,992
Accumulated losses	16	(22,297,960)	(16,134,308)
TOTAL EQUITY		1,580,758	7,704,009

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL DEFICIENCY IN EQUITY
CONSOLIDATED	$	$	$	$
Balance at 1 July 2017	3,413,927	1,839,662	(7,454,852)	(2,201,263)
Loss after income tax expense for the year	-	-	(8,679,456)	(8,679,456)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(8,679,456)	(8,679,456)
Transactions with shareholders in their capacity as shareholders: Contributions of equity, net of transaction costs (note 14)	11,383,548	-	-	11,383,548
Share-based payments (note 29)	-	3,875,180	-	3,875,180
Issue of shares on conversion of convertible notes	2,500,000	-	-	2,500,000
Issue of shares on conversion of loans	826,000	-	-	826,000
Issue of options as part of capital raising	(2,085,150)	2,085,150	-	-
Balance at 30 June 2018	16,038,325	7,799,992	(16,134,308)	7,704,009

	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
CONSOLIDATED	$	$	$	$
Balance at 1 July 2018	16,038,325	7,799,992	(16,134,308)	7,704,009
Loss after income tax expense for the year	-	-	(6,588,667)	(6,588,667)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(6,588,667)	(6,588,667)
Transactions with shareholders in their capacity as shareholders: Share-based payments (note 29)	-	465,416	-	465,416
Transfer relating to options and rights expired and/or cancelled	-	(425,015)	425,015	-
Balance at 30 June 2019	16,038,325	7,840,393	(22,297,960)	1,580,758

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

		CONSOLIDATED	
	NOTE	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		198,000	148,500
Payments to suppliers and employees		(6,501,847)	(5,547,026)
Interest received		150,259	58,200
Tax R&D benefit received		875,130	300,342
Net cash used in operating activities	26	(5,278,458)	(5,039,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(94,831)	(88,348)
Payments for investments in term deposits		(250,000)	(7,552,356)
Proceeds from investments in term deposits		6,052,356	1,500,000
Net cash from/(used in) investing activities		5,707,525	(6,140,704)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	14	-	12,665,150
Payment for Share issue transaction costs		-	(1,555,091)
Proceeds from issue of convertible notes		-	250,000
Net cash from financing activities		-	11,360,059
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		429,067	179,371
Cash and cash equivalents at the beginning of the financial year		1,576,127	1,396,756
Cash and cash equivalents at the end of the financial year	7	2,005,194	1,576,127

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There have been no new and revised standards that have had a significant impact on the measurement or disclosure requirements of the Group, except as noted below.

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which has resulted in the following changes to the accounting policy for financial assets and liabilities.

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL ASSET	AASB 139	AASB 9
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost
Other financial assets	Term deposits	Loans and receivables	Amortised Cost

The Company does not currently enter into any hedge accounting and therefore there is no impact to the Company's Annual Reports.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers applied to the Group from 1 July 2018 and replaced AASB 118 Revenue which covers revenue arising from the sale of goods and the rendering of services.

The new standard is based on the principle that revenue is recognised when control of a service, or goods, transfers to a customer.

The Company completed its assessment of the implications of adopting the new standard and concluded that, due to the nature of the Group's services, it did not have a material impact to the timing of the Groups revenue recognition.

The Group's accounting policy under AASB 15 is as follows.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations;

Step 5: Recognise revenue as the performance obligations are satisfied.

The Group's revenue recognition accounting policy is that:

- The performance obligation for the implementation of the software is satisfied when the software has been installed and is operating materially as contractually required. Rather than recognising the contracted revenue evenly over the implementation contract period (generally 2 to 3 months), under the new accounting policy, implementation revenue for the contracted period is recognised at the point in time when the software has been installed and is operating materially as contractually required; and
- The performance obligation for providing software customers with ongoing access to the software and technical support is satisfied over the contracted period.

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts, Interest income is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

The expected future Research and Development incentive, for past qualifying Research and Development expenditure is accrued as other income when it is established that the conditions of the Research and Development incentive have been met and that the expected amount of the incentive can be reliably measured.

(i) Identification of performance obligations

The Group has determined that for new software sales, the licenses and implementation services are quoted as separate line items and have separate list prices and they are not distinct performance obligations as the customer is purchasing customisable software which requires not only the licenses to be provisioned but the software to be installed by a qualified implementation consultant. As such a combined implemented software performance obligation is presented.

Technical support which is purchased by software customers to assist with their ongoing use of the software and is separate from the combined software/implementation performance obligation.

(ii) Satisfaction of performance obligations

The performance obligation for the implemented software is satisfied at the point in time when the software has been installed and is operating materially as contractually required. It is when the customer has full access to and control of the software.

The performance obligation for providing software customers with licencing and technical support remains throughout the contract period so is satisfied over the contract period.

GOING CONCERN

The financial report has been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

The Company has incurred a loss of $6,588,667 (2018: $8,679,456) and experienced net cash outflows from operating activities of $5,278,458 (2018: $5,039,984). As at 30 June 2019, the Company had cash and cash equivalents of $2,005,194 (2018: $1,576,127) as well as cash on deposit of $250,000 (2018: $6,052,356).

The ability of the Company to continue to trade as a going concern is primarily dependent on the completion of successful capital raisings.

Notwithstanding the importance of successful capital raisings, the Company has other mechanisms in its cash flow management, including:

- Commercialisation of its intellectual property, to deliver future revenue;
- Deferral or reduction of expenditure, through agreements with people significantly aligned to the future of the Company, being major shareholders who are management / Board members; and
- Recognising that the priority of the Board and management remains revenue growth, cost reductions, through items such as premises consolidation.

Whilst the directors acknowledge there are timing risks associated with the completion of successful capital raisings which have a direct impact on the Company's ability to meet liabilities when due, the directors believe that this will be successful.

However, if the capital raising and other factors mentioned above do not eventuate, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether the Company will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

BASIS OF PREPARATION

IXUP Limited is domiciled in Australia. The consolidated financial statements comprise the results of IXUP Limited ("the Company") and its controlled entities ("the Group"). The consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of share-based payments and certain classes of property, plant and equipment.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The significant accounting policies adopted in the preparation of these financial statements are presented below.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the IXUP Group are eliminated in full on consolidation.

FOREIGN CURRENCIES

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

REVENUE RECOGNITION

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

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations;

Step 5: Recognise revenue as the performance obligations are satisfied.

The Group's revenue recognition accounting policy is that:

- The implementation performance obligation for the implemented software is satisfied when the software has been installed and is operating materially as contractually required. Rather than recognising the contracted revenue evenly over the implementation contract period (generally 2 to 3 months), under the new accounting policy, implementation revenue for the contracted period is recognised at the point in time when the software has been installed and is operating materially as contractually required;
- The performance obligation for providing software customers with licensing and technical support is satisfied over the contracted period.

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts, Interest income is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

The expected future Research and Development incentive, for past qualifying Research and Development expenditure is accrued as other income when it is established that the conditions of the Research and Development incentive have been met and that the expected amount of the incentive can be reliably measured.

(i) Identification of performance obligations

The Group has determined that for new software sales, the licenses and implementation services are quoted as separate line items and have separate list prices and therefore are not distinct performance obligations as the customer is purchasing customisable software which requires not only the licenses to be provisioned but the software to be installed by a qualified implementation consultant.

Licensing and technical support which is purchased by software customers to assist with their ongoing use of the software and is separate from the software implementation performance obligation.

(ii) Satisfaction of performance obligations

The performance obligation for the implemented software is satisfied at the point in time when the software has been installed and is operating materially as contractually required. It is when the customer has full access to and control of the software.

The performance obligation for providing software customers with licensing and technical support remains throughout the contract period so is satisfied over the contract period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

TRADE AND OTHER RECEIVABLES

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

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

FINANCIAL INSTRUMENTS

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

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured using the cost model.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An individual asset will be depreciated in full at the time of purchase if any of the following criteria is met:

- The cost of the asset is less than $2,000, or
- The asset has an expected useful life of less than 12 months, or
- The asset will become technically obsolete (particularly relating to computer equipment) in less than 24 months.

INTANGIBLE ASSETS

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset; and
- How the intangible asset will generate probable future economic benefits.

Amortisation is recognised so as to write off the cost of internally-generated assets over their useful lives, using the straight-line method. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The following useful lives are used in the calculation of amortisation:

- Software 3.33 years
- Trademarks and other intangibles 8 years

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the notes to the accounts.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined 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, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

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

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

CURRENT TAX

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

Current tax liabilities are therefore measured at the amounts expected to be paid to / recovered from the relevant taxation authority.

DEFERRED TAX

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

The new leasing standard, effective 1 July 2019, replaces AASB 117 Leases and required that:

- All leases are 'capitalised' by recognising the present value of the leased payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.
- A financial liability is recognised representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2019, the Group had non-cancellable operating lease commitments of $267,502.

The Company is currently completing its assessment of the effects of applying the new standard on the Group's financial statements, including the extent to which these commitments will result in the recognition of lease assets and liabilities for future payments and how this will affect the Group's net assets, profit and classification of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. Alternatively, if the revision affects both current and future periods, the revision to the accounting estimate is recognised in the period of the revision as well as in future periods.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

ESTIMATION OF USEFUL LIVES OF ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The Group currently operates in one operating segment being the software industry. The Group continues to consider new projects in this sector and others by way of acquisition or investment. The Group currently operates in one geographic segment that being Australia.

The Group determines and presents segments based on information provided by the Board of directors who collectively are the Group's Chief Operating Decision Maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

NOTE 4. REVENUE

	CONSOLIDATED	
	2019 $	2018 $
Software revenue	158,500	120,000

NOTE 5. EXPENSES

	CONSOLIDATED 2019 $	2018 $
Loss before income tax includes the following specific expenses:		
COST OF SALES		
Cost of sales	59,608	148,935
DEPRECIATION AND AMORTISATION		
Depreciation and amortisation	571,409	590,058
ADMINISTRATIVE COSTS		
Professional adviser and legal costs	675,532	701,383
Consulting costs paid to entities related to the directors	319,349	307,065
Recruitment costs	108,882	84,042
Advertising and promotion	255,546	121,507
Travel and accommodation	173,257	111,511
Software licenses	21,790	89,225
Other	435,456	129,309
	1,989,812	1,544,042
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	3,527,760	2,481,101
Superannuation costs	297,829	246,003
Other employee benefits	438,774	230,871
	4,264,363	2,957,975
OCCUPANCY COSTS		
Rent	174,343	182,166
Other occupancy costs	44,103	48,003
	218,446	230,169
FINANCE COSTS		
Interest costs	6,706	5,930
SHARE-BASED PAYMENTS EXPENSE		
Share-based payments expense	465,416	3,875,180

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INCOME TAX EXPENSE

	CONSOLIDATED 2019 $	2018 $
NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE AND TAX AT THE STATUTORY RATE		
Loss before income tax expense	(6,588,667)	(8,679,456)
Tax at the statutory tax rate of 27.5%	(1,811,883)	(2,386,850)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	127,989	1,065,674
Entertainment expenses	-	2,782
Non assessable research & development refund	(195,937)	(127,318)
Sundry items	-	(454)
	(1,879,831)	(1,446,166)
Current year temporary differences not recognised	1,879,831	1,446,166
Income tax expense	-	-

DEFERRED TAX ASSETS AND LIABILITIES	CONSOLIDATED 2019 $	2018 $
DEFERRED TAX ASSETS NOT RECOGNISED Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	9,124	39,685
Entertainment	5,519	2,783
Depreciation	157,137	162,266
Payroll accrual	427	13,571
Deferred tax assets used to offset deferred tax liabilities	(42,441)	(261,980)
Tax losses carried forward	4,095,549	1,490,227
Deferred tax assets not brought into account	(4,225,315)	(1,446,552)
Total deferred tax assets not recognised	-	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the same business test is passed.

The tax rate used for the reconciliation above is the relevant corporate tax rate payable by the Company on taxable profits under Australian tax law.

Income tax benefit is the R&D government incentive tax benefit.

Deferred tax assets have not been recognised in respect of the above items because it is not possible at this stage of development to explicitly confirm the probability that future taxable profit will be available against which the Company can utilise these benefits.

NOTE 6. (CONTINUED) INCOME TAX EXPENSE

	CONSOLIDATED	
	2019 $	2018 $
DEFERRED TAX LIABILITY NOT RECOGNISED		
Accrued expenses	(42,441)	(261,980)
Deferred tax assets used to offset deferred tax liabilities	42,441	261,980
	-	-

	CONSOLIDATED	
	2019 $	2018 $
TAX LOSSES NOT RECOGNISED		
Unused tax losses for which no deferred tax asset has been recognised	14,892,906	5,419,007
Potential tax benefit @ 27.5%	4,095,549	1,490,227

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The tax rate used for the reconciliation above is the relevant corporate tax rate payable by the Company on taxable profits under Australian tax law.

Deferred tax assets have not been recognised in respect of the above items because it is not possible at this stage of development to explicitly confirm the probability that future taxable profit will be available against which the Company can utilise these benefits.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2019 $	2018 $
Cash at bank	2,005,194	1,076,127
Term deposits	-	500,000
	2,005,194	1,576,127

NOTE 8. CURRENT ASSETS - OTHER RECEIVABLES

	CONSOLIDATED	
	2019 $	2018 $
Trade receivables	1,100	-
R&D tax rebate receivable	-	162,632
Interest receivable	-	30,586
GST	34,084	98,554
	35,184	291,772

NOTE 9. CURRENT ASSETS - OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2019 $	2018 $
Term deposits	250,000	6,052,356

Term deposits have maturity dates of more than 3 months but less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Leasehold improvements - at directors' valuation	73,269	73,269
Less: Accumulated depreciation	(29,388)	(80)
	43,881	73,189
Computer equipment - at cost	68,253	48,165
Less: Accumulated depreciation	(64,619)	(48,165)
	3,634	-
Office equipment - at cost	75,922	71,297
Less: Accumulated depreciation	(75,922)	(71,297)
	-	-
	47,515	73,189

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LEASEHOLD IMPROVEMENTS $	COMPUTER EQUIPMENT $	OFFICE EQUIPMENT $	TOTAL $
Balance at 1 July 2017	-	-	-	-
Additions	73,269	23,118	43,574	139,961
Depreciation expense	(80)	(23,118)	(43,574)	(66,772)
Balance at 30 June 2018	73,189	-	-	73,189
Additions	-	20,088	4,625	24,713
Depreciation expense	(29,308)	(16,454)	(4,625)	(50,387)
Balance at 30 June 2019	43,881	3,634	-	47,515

NOTE 11. NON-CURRENT ASSETS - INTANGIBLES

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Development - at cost	1,731,909	1,731,909
Less: Accumulated amortisation	(1,731,909)	(1,252,724)
	-	479,185
Intellectual property - at cost	-	53,113
Less: Accumulated amortisation	-	(12,054)
	-	41,059
	-	520,244

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	DEVELOPMENT $	INTELLECTUAL PROPERTY $	TOTAL $
Balance at 1 July 2017	479,185	41,059	520,244
Balance at 30 June 2018	479,185	41,059	520,244
Amortisation expense	(479,185)	(41,059)	(520,244)
Balance at 30 June 2019	-	-	-

The Company reviews its intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

As at 30 June 2019, the gross carrying value of Developed Software equated to $1,731,909 (2018; $1,731,909). This asset was originally capitalised at this gross value with effect September 2015 and is being depreciated on a straight-line basis at 30% per annum.

Accumulated depreciation of this software totalled $1,731,909 (2018: $1,252,724), giving net written down value of $nil (2018:479,185) at financial year end.

NOTE 12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019 $	2018 $
Trade payables	132,228	301,994
Accrued expenses	92,406	72,971
PAYG withholding payable	75,926	114,148
Superannuation payable	78,379	76,827
Income in advance	37,500	15,000
Wages payable	113,159	-
Other payables	13,287	8,140
	542,885	589,080

Refer to note 18 for further information on financial instruments.

The average credit period allowed by trade creditors to the Group which are not related parties is approximately 24 days.

NOTE 13. CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED	
	2019 $	2018 $
Annual leave	263,600	230,422

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	2019 SHARES	2018 SHARES	2019 $	2018 $
Ordinary shares - fully paid	158,443,751	158,443,751	16,038,325	16,038,325

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	$
Balance	1 July 2017	64,750,001	3,413,927
Issue of shares	1 September 2017	1,031,250	165,000
Conversion of loans	4 September 2017	5,162,500	826,000
Conversion of loans	15 November 2017	25,000,000	2,500,000
IPO issue of shares	15 November 2017	62,500,000	12,500,000
Share issue costs		-	(3,366,602)
Balance	30 June 2018	158,443,751	16,038,325
Balance	30 June 2019	158,443,751	16,038,325

Options (Refer to note 29 for further information on Options)

DETAILS	DATE	OPTIONS	$
Balance	1 July 2017	-	-
Issue of plan options to employees and directors	1 November 2017	7,070,000	-
Issue of unlisted options	1 September 2017	30,600,000	-
Issue of unlisted plan options to Cygnet Capital	15 November 2017	15,000,000	-
Conversion of warrants held by Asia Principal Capital	1 September 2017	10,826,470	-
Balance	30 June 2018	63,496,470	-
Issue of unlisted options	20 December 2018	5,685,000	-
Issue of plan options to employees and directors	10 April 2019	1,900,000	-
Expired and/or cancelled during the year		(5,163,334)	-
Balance	30 June 2019	65,918,136	-

Performance Rights (Refer to note 29 for further information on Performance Rights)

DETAILS	DATE	PERFORMANCE RIGHTS	$
Balance	1 July 2017	-	-
Issue of performance rights to directors and advisory board members	15 November 2017	5,250,000	-
Balance	30 June 2018	5,250,000	-
Expired and/or cancelled during the period		(3,000,000)	-
Issue of performance rights to directors	20 December 2018	750,000	-
Issue of performance rights to employees	20 December 2018	1,000,000	-
Balance	30 June 2019	4,000,000	-

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

NOTE 15. EQUITY – RESERVES

	CONSOLIDATED	
	2019 $	2018 $
Equity-settled reserves	1,839,662	1,839,662
Options reserve	6,000,731	5,960,330
	7,840,393	7,799,992

EQUITY-SETTLED RESERVE

On 19 October 2016, 11,426,470 warrants were issued to Asia Principal Capital Group Pte Ltd as part of a restructure of the IXUP Group. Subject to the terms of the warrant deed, the warrants entitled the holder to subscribe for the number of ordinary shares in the Company equal to 15% of the fully diluted outstanding capital of the Company. These warrants were cancelled and equivalent options were issued in their place on 1 September 2017.

To determine the fair value of the warrants, the IXUP Group engaged the support of a professional adviser, who estimated the fair value of the warrants using a widely accepted valuation methodology and assumptions based on historical data for similar publicly-listed securities.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration as part of their compensation for services.

NOTES TO THE FINANCIAL STATEMENTS

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	EQUITY-SETTLED RESERVE $	OPTIONS RESERVE $	TOTAL $
Balance at 1 July 2017	1,839,662	-	1,839,662
Issue of options as part of capital raising	-	2,085,150	2,085,150
Share based payments	-	3,875,180	3,875,180
Balance at 30 June 2018	1,839,662	5,960,330	7,799,992
Share based payments	-	465,416	465,416
Transfer relating to options and rights expired and/or cancelled	-	(425,015)	(425,015)
Balance at 30 June 2019	1,839,662	6,000,731	7,840,393

NOTE 16. EQUITY - ACCUMULATED LOSSES

	CONSOLIDATED	
	2019 $	2018 $
Accumulated losses at the beginning of the financial year	(16,134,308)	(7,454,852)
Loss after income tax expense for the year	(6,588,667)	(8,679,456)
Transfer relating to options and rights expired and/or cancelled	425,015	-
Accumulated losses at the end of the financial year	(22,297,960)	(16,134,308)

NOTE 17. EQUITY - DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 18. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's finance function provides services to the business, co-ordinates access to banking facilities, and monitors and manages the financial risks relating to the operations of the Group in accordance with the decisions of the directors.

In the reporting period, the Group was not exposed to material financial risks of changes in foreign currency exchange rates. Accordingly, the Group did not employ derivative financial instruments to hedge currency risk exposures.

NOTE 18. (CONTINUED) FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2019 $	2018 $
FINANCIAL ASSETS		
Cash and cash equivalents	2,005,194	1,576,127
Other receivables and other assets	84,534	301,595
Other financial assets	250,000	6,052,356
	2,339,728	7,930,078
FINANCIAL LIABILITIES		
Trade and other payables	542,885	589,080

MARKET RISK

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash held on term deposit. A sensitivity analysis was performed and the assessment determined that a movement in interest rates is not considered to be material to the group's profit and loss.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have significant credit risk exposure to any single counterparty at the reporting date.

The credit risk on liquid cash funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group is not exposed to credit risk in relation to financial guarantees given to banks, because it has no such guarantees outstanding at the reporting date.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which periodically reviews the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities where possible.

Remaining contractual maturities

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18. (CONTINUED) FINANCIAL INSTRUMENTS

	WEIGHTED AVERAGE INTEREST RATE	1 YEAR OR LESS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	REMAINING CONTRACTUAL OBLIGATIONS
CONSOLIDATED - 2019	%	$	$	$	$	$
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-	132,228	-	-	-	132,228
Other payables	-	410,657	-	-	-	410,657
Provisions	-	263,600	-	-	-	263,600
Total non-derivatives		806,485	-	-	-	806,485

	WEIGHTED AVERAGE INTEREST RATE	1 YEAR OR LESS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	REMAINING CONTRACTUAL MATURITIES
CONSOLIDATED - 2018	%	$	$	$	$	$
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-	255,091	-	-	-	255,091
Other payables	-	333,989	-	-	-	333,989
Provisions	-	230,422	-	-	-	230,422
Total non-derivatives	-	819,502	-	-	-	819,502

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of net cash (there were no borrowings at year end offset by cash as detailed in notes 7 and 9) and equity (detailed in note 14).

As at reporting date, the Group had net assets of $1,580,759 (2018: $7,704,009) and equity of $16,038,325 (2018: $16,038,325).

NOTE 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

The following persons were directors of IXUP Limited during the financial year:

Tim Ebbeck	Chairman and Acting Chief Executive Officer (CEO)	(Resigned 13 November 2018)
Dean Joscelyne	(Executive Director)	
Cliff Rosenberg	Non-Executive Director	
Grant Paterson	Acting Chairman and Non-Executive Director	(Appointed 13 November 2018)

Other Executive KMP

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

David Bonham	Chief Financial Officer as from 12 March 2018 and Chief Operating Officer as from 12 July 2018	(Resigned 24 May 2019)
Peter Leihn	CEO (From 2 July 2019 Managing Director)	

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2019 $	2018 $
Short-term employee benefits	1,007,534	1,053,521
Post-employment benefits	75,698	64,584
Share-based payments	175,160	3,623,612
	1,258,392	4,741,717

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck Audit (WA) Pty Ltd, the auditor of the Company:

	CONSOLIDATED	
	2019 $	2018 $
AUDIT SERVICES – WILLIAM BUCK AUDIT (WA) PTY LTD		
Audit or review of the financial statements	36,000	36,000
OTHER SERVICES – WILLIAM BUCK CONSULTING (WA) PTY LTD		
Preparation of an Investigating Accountant's Report	-	10,565
	36,000	46,565

NOTE 21. COMMITMENTS

Operating leases relate to office leases with lease terms of 3 years. Non-cancellable operating lease commitments are as follows:

	CONSOLIDATED	
	2019 $	2018 $
LEASE COMMITMENTS - OPERATING		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	217,348	214,454
One to five years	109,554	327,776
	326,902	542,230

On 18 August 2017, the Company exercised the options to renew its office leases for a further term of 3 years.

NOTE 22. RELATED PARTY TRANSACTIONS

PARENT ENTITY

IXUP Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 24.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

Mr Dean Joscelyne is the ultimate controlling party of YDCJ Pty Ltd atf YDCJ Unit Trust and Destria Pty Ltd.

Mr Cliff Rosenberg is the beneficial owner of Rosenberg Trading Pty Ltd.

Mr Tim Ebbeck is the beneficial owner of Ebbeck Family Trust t/as Ebbeck TIG Consulting.

Mr Grant Paterson is a partner in GPT Legal

NOTE 22. (CONTINUED) RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The following transactions occurred with related parties and are GST inclusive:

	CONSOLIDATED	
	2019 $	2018 $
PAYMENT FOR GOODS AND SERVICES:		
Payment to Rosenberg Trading Pty Ltd for consulting services	66,266	41,250
Payment to Ebbeck Family Trust t/as Ebbeck TIG Consulting for consulting services	102,920	296,522
Payment to YDCJ Pty Ltd atf YDCJ Unit Trust as landlord for company premises	159,675	162,133

	CONSOLIDATED	
	2019 $	2018 $
AMOUNTS OWED TO RELATED PARTIES:		
YDCJ Pty Ltd atf YDCJ Unit Trust	13,735	26,786
Mr Dean Joscelyne	5,481	14,616
Rosenberg Trading Pty Ltd	11,000	5,500
GPT Legal (from date of appointment of Mr Paterson)	-	N/A

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	PARENT	
	2019 $	2018 $
Loss after income tax	(1,506,439)	(716,693)
Total comprehensive loss	(1,506,439)	(716,693)

STATEMENT OF FINANCIAL POSITION

	PARENT	
	2019 $	2018 $
Total current assets	2,308,933	10,571,376
Total assets	11,053,521	19,315,784
Total current liabilities	(11,026,581)	(70,170)
Total liabilities	(11,026,581)	(70,170)
EQUITY		
Issued capital	16,038,326	16,038,326
Equity-settled reserves	1,839,662	7,799,662
Options reserve	6,000,731	-
Accumulated losses	(1,798,617)	(4,592,373)
Total equity	22,080,102	19,245,614

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2019 and at 30 June 2018.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 24. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

			PARENT	
NAME	PRINCIPAL ACTIVITIES	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2019 %	OWNERSHIP INTEREST 2018 %
IXUP Operations Pty Ltd	Software development	Australia	100%	100%
IXUP IP Pty Ltd	Software patents	Australia	100%	100%

NOTE 25. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 26. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	CONSOLIDATED	
	2019 $	2018 $
Loss after income tax expense for the year	(6,588,667)	(8,679,456)
ADJUSTMENTS FOR:		
Depreciation and amortisation	571,409	590,058
Share-based payments	465,416	3,875,180
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in other receivables and other assets	123,768	(121,561)
(Increase)/decrease in Tax R&D benefit receivable	162,632	(162,632)
Decrease in trade and other payables	(46,194)	(646,103)
Increase in provisions	33,178	104,530
NET CASH USED IN OPERATING ACTIVITIES	(5,278,458)	(5,039,984)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27. NON-CASH INVESTING AND FINANCING ACTIVITIES

During the current year, the Group did not enter into any non-cash investing and financing activities.

During the year ended 30 June 2018, the Group entered into the following non-cash investing and financing activities, which are not reflected in the consolidated statement of cash flows:

(a) The Company repaid loans totalling $3,326,000 via issue of 30,162,500 shares totalling.

(b) The Company issued 1,031,250 shares in repayment of advisor fees to Cygnet Capital.

NOTE 28. EARNINGS PER SHARE

	CONSOLIDATED	
	2019 $	2018 $
Loss after income tax attributable to the shareholders of IXUP Limited	(6,588,667)	(8,679,456)
	CENTS	CENTS
Basic earnings per share	(4.16)	(7.04)
Diluted earnings per share	(4.16)	(7.04)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	158,443,751	123,223,237
Weighted average number of ordinary shares used in calculating diluted earnings per share	158,443,751	123,223,237

NOTE 29. SHARE-BASED PAYMENTS AND PERFORMANCE RIGHTS

During the year ended 30 June 2017 IXUP issued 7,070,000 Plan Options to employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is $0.134 per Plan Option which is $403,513 recognised during the year ended 30 June 2018 as part of Share-based payments.

In September 2017 IXUP issued 30,600,000 Unlisted Options to Directors and advisory board members. The Unlisted Options have vested and are escrowed. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is $0.106 per Unlisted Option which equates to $3,243,600 recognised during the year ended 30 June 2018 as part of Share-based payments.

In November 2017 IXUP issued 15,000,000 Unlisted Options to Cygnet Capital. The Unlisted Options have vested and are escrowed. The Unlisted Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is $0.139 per Unlisted Option which equates to $2,085,000 and this has been offset against Issued Capital as these options relate to the capital raising.

In September 2017 IXUP converted warrants held by Asia Principal Capital Limited to 10,826,470 Unlisted Options. The strike price of each option is $0.25 and term is 5 years from the grant date. The remeasurement of the fair value of the unlisted options after the conversion was not taken into account in accordance with AASB 2 Share-based payments as it resulted in a decrease in the fair value of the equity instruments granted.

NOTE 29. (CONTINUED) SHARE-BASED PAYMENTS AND PERFORMANCE RIGHTS

In September 2017 IXUP issued 5,250,000 Performance Rights to directors and advisory board members. The rights have been valued with reference to market price, adjusted for probability of vesting between 40% to 90% and an expense of $291,667 had been recognised during the year ended 30 June 2018 as part of Share-based payments. Vesting occurs in equal instalments subject to revenue targets and tenure conditions being achieved.

During the year ended 30 June 2019 IXUP issued 5,685,000 Plan Options to employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model by the Company. The calculated Black Scholes Valuation is $0.047 per Plan Option which is $89,417 recognised during the year ended 30 June 2019 as part of Share-based payments.

During the year ended 30 June 2019 IXUP issued 1,900,000 Plan Options to employees. Vesting occurs over 3 years in equal instalments. The Plan Options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is $0.043 per Plan Option which is $27,645 recognised during the year ended 30 June 2019 as part of Share-based payments.

Set out below are summaries of options issued during the year:

2019							
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT END OF THE YEAR
01/09/2017	14/11/2022	$0.25	10,826,470	-	-	-	10,826,470
01/09/2017	14/11/2022	$0.25	30,600,000	-	-	-	30,600,000
15/11/2017	14/11/2022	$0.25	15,000,000	-	-	-	15,000,000
01/09/2017	14/11/2022	$0.25	2,000,000	-	-	-	2,000,000
15/11/2017	14/11/2022	$0.25	5,070,000	-	-	(3,330,000)	1,740,000
20/12/2018	20/12/2023	$0.25	-	5,685,000	-	(1,833,334)	3,851,666
10/04/2019	10/04/2024	$0.25	-	1,900,000	-	-	1,900,000
			63,496,470	7,585,000	-	(5,163,334)	65,918,136
Weighted average exercise price			$0.25	$0.25	$0.00	$0.25	$0.25

2018							
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT END OF THE YEAR
01/09/2017	14/11/2022	$0.25	-	10,826,470	-	-	10,826,470
01/09/2017	14/11/2022	$0.25	-	30,600,000	-	-	30,600,000
15/11/2017	14/11/2022	$0.25	-	15,000,000	-	-	15,000,000
01/09/2017	14/11/2022	$0.25	-	2,000,000	-	-	2,000,000
15/11/2017	14/11/2022	$0.25	-	5,070,000	-	-	5,070,000
			-	63,496,470	-	-	63,496,470
Weighted average exercise price			$0.00	$0.25	$0.00	$0.00	$0.25

Set out below are the options exercisable at the end of the financial year (but still in escrow until 5/11/2019):

GRANT DATE	EXPIRY DATE	2019 NUMBER	2018 NUMBER
01/09/2017	14/11/2022	30,000,000	30,000,000
15/11/2017	14/11/2022	15,000,000	15,000,000
		45,000,000	45,000,000

NOTE 29. (CONTINUED) SHARE-BASED PAYMENTS AND PERFORMANCE RIGHTS

The weighted average exercise share price during the financial year was $0.25 (2018: $0.25).
The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.5 years (2018: 4.5 years).

Set out below are summaries of performance rights granted during the year:

2019						
GRANT DATE	EXPIRY DATE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT END OF THE YEAR
20/12/2018	14/11/2022	5,250,000	1,750,000	-	(3,000,000)	4,000,000
		5,250,000	1,750,000	-	(3,000,000)	4,000,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 4.5 years (2017: nil).

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

2018							
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT END OF THE YEAR
15/11/2017	14/11/2022	$0.00	–	5,250,000	-	-	5,250,000
			–	5,250,000	-	-	5,250,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.4 years (2018: 4.5 years)

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

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
20/12/2018	20/12/2023	$0.10	$0.25	80.00%	-	1.98%	$0.047
10/04/2019	10/04/2024	$0.09	$0.25	80.00%	-	1.48%	$0.043

* Note that the fair value has been further adjusted to reflect the probability of the options being vested for the purpose of determining the expense recognised in the share-based payment.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	PROBABILITY OF VESTING T1	PROBABILITY OF VESTING T2	PROBABILITY OF VESTING T3
13/11/2018	14/11/2022	$0.10	90.00%	70.00%	40.00%

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Grant Paterson
Chairman
29 August 2019

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Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 on page 27 of the financial statements which indicates that the Group incurred a net loss before income tax of $6,588,667 and a net cash outflow from operations of $5,278,458 for the year ended 30 June 2019. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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William Buck

IXUP Limited
Independent auditor's report to members

Key Audit Matters

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

RELATED PARTY TRANSACTIONS	
Area of focus **Refer also to Remuneration Report on pages 8 to 17 and Note 22**	**How our audit addressed it**
There have been numerous related party transactions with entities where key management personnel of the Group have interests and/or are directors. As, such, there is a risk that not all related party transactions are disclosed in the financial report or that related party transactions have been made on non-arm's length basis. This could result in insufficient information being provided in order to enable the reader to understand the nature and effect of the various related party relationships and transactions.	Our audit procedures included: — Comparing the list of related parties provided by the directors with internal and external sources; — Conducting an ASIC search for external directorships held by the board members and key management personnel to evaluate whether all related party relationships and transactions had been appropriately identified and disclosed; and — Assessing whether related party transactions were conducted at arm's length by comparing the basis of the transactions to external sources. For each class of related party transaction, we compared the financial statement disclosures against the underlying transactions and the accounting and *Corporations Act 2001* requirements.

SHARE BASED PAYMENTS	
Area of focus **Refer also to Remuneration Report on pages 8 to 17 and Note 29**	**How our audit addressed it**
The Group issued plan options to employees and directors under Employee Incentive Plans which included performance, contribution and service conditions Under the Employee Incentive Plan the Group issued 5,685,000 planned options exercisable at $0.25 on or before 20 December 2023. Under the Employee Incentive Plan the Group also issued 1,900,000 planned options exercisable at $0.25 on or before 10 April 2024.	Our audit procedures included: — Evaluating the fair value of the share-based payment arrangement by agreeing assumptions to third party evidence. In determining the grant date, we evaluated what was the most appropriate date based on the terms and conditions of the share-based payment arrangement; and — For the specific application of the Black Scholes model, we assessed the experience of the company secretary who

The above arrangement required significant judgments and estimations by management, including the following: — The evaluation of the grant date for the arrangement, and the evaluation of the fair value of the underlying share price of the company as at the grant date; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. The results of these share-based payment arrangements materially affect the disclosures.	advised the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values. We considered that the forecast volatility applied in the model to be appropriately reasonable and within industry norms. For options issued we compared the financial statement disclosures against the underlying transactions and the Australian Accounting Standard requirements. We also reconciled the vesting of the share-based payment arrangement to disclosures made in note 29.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 30 June 2019.

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

Responsibilities

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

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Conley Manifis
Director
Dated this 29th day of August, 2019

Shareholder information

The shareholder information set out below was applicable as at 7 August 2019.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES	NUMBER OF HOLDERS OF OPTIONS OVER ORDINARY SHARES
1 to 1,000	32	-
1,001 to 5,000	169	-
5,001 to 10,000	121	-
10,001 to 100,000	318	-
100,001 and over	91	33
	731	33
Holding less than a marketable parcel	-	-

EQUITY SECURITY HOLDERS:

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
JOSCELYNE INVESTMENTS PTY LTD	25,500,001	16.09
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	19,773,539	12.48
HOLDREY PTY LTD	7,600,000	4.80
DECK CHAIR HOLDINGS PTY LTD	7,500,106	4.73
MAHSOR HOLDINGS PTY LTD	7,367,773	4.65
RANSDALE INVESTMENTS PTY LTD	6,600,000	4.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,584,172	3.52
WHITE SWAN NOMINEES PTY LTD	5,149,499	3.25
BROWN BRICKS PTY LTD	4,904,167	3.10
JJG GROUP PTY LTD	4,500,000	2.84
J P MORGAN NOMINEES AUSTRALIA LIMITED	4,160,000	2.63
VISTA GROVE INVESTMENTS PTY LTD	3,888,138	2.45
CITICORP NOMINEES PTY LIMITED	3,600,697	2.27
TERRA CAPITAL MANAGEMENT PTY LTD	2,500,000	1.58
CHURCHTOWN INVESTMENT PTY LTD	2,145,833	1.35
MOSCH PTY LTD	1,750,000	1.10
KENT SST PTY LTD	1,500,000	0.95
AVIEMORE CAPITAL PTY LTD	1,350,000	0.85
KEMBLA NO 20 PTY LTD	1,325,000	0.84
DIGITAL INVESTMENTS PTY LTD	1,281,793	0.81
	117,980,718	74.46

Unquoted equity securities

There are no unquoted equity securities.

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Joscelyne Investments Pty Ltd	25,500,001	16.09
Regal Funds Management Pty Ltd	19,713,385	12.44

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

ANNUAL GENERAL MEETING

The Annual General meeting will be held on 28 November 2019.

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LOT 10, LEVEL 3
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