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intelliHR

2019

A N N U A L  
R E P O R T



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# 2019 HIGHLIGHTS

(NON INTERNATIONAL FINANCIAL REPORTING STANDARDS MEASURES)

## CONTRACTED SUBSCRIBERS

9,451

MILESTONE OF 10,000  
NOW IN SIGHT

↑ UP 6,167 YOY

## CONTRACTED ARR

\$1,200,000

ANNUAL RECURRING REVENUE  
EXCEEDED

↑ UP \$811,000 YOY

## CONTRACTED CUSTOMERS

58

OPERATING IN 10  
GLOBAL COUNTRIES

↑ UP 41 YOY

## CONTRACTED MRR

\$100,000

MONTHLY RECURRING  
REVENUE

MILESTONE ACHIEVED

## CONTRACTED GLOBAL REVENUE

16.2%

AUSTRALIA, NEW ZEALAND, US, CANADA, EUROPE, UK,  
THAILAND, PHILIPPINES, INDIA AND SOUTH AFRICAS

## CONTRACTED CUSTOMER AVE ARR

\$20,976

ANNUAL RECURRING  
REVENUE

## TOTAL CUSTOMER LIFETIME VALUE

\$6,975,112

## NET PROMOTER SCORE

65

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# CORPORATE DIRECTORY

## DIRECTORS

G Baynton *M.Econ St, MBA, B.Bus, PG.Dip. Applied Fin & Inv.*  
 A Bellas *B.Econ, DipEd, MBA, FAICD, FCPA, FAIM*  
 R Bromage *B.Bus, CAHR*  
 J Duffield *MAICD*

## SECRETARY

S M Yeates *CA, B.Bus*

## PRINCIPAL PLACE OF BUSINESS

Level 28, 345 Queen Street, Brisbane QLD 4000

## REGISTERED OFFICE

Level 28, 345 Queen Street, Brisbane QLD 4000

## SHARE REGISTER

Link Market Services Limited  
 Level 21, 10 Eagle Street  
 Brisbane QLD 4000  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## AUDITOR

BDO Audit Pty Ltd  
 Level 10, 12 Creek Street  
 Brisbane QLD 4000  
[www.bdo.com.au](http://www.bdo.com.au)

## SOLICITORS

McCullough Robertson  
 Level 11, Central Plaza Two  
 66 Eagle Street  
 Brisbane QLD 4000  
[www.mccullough.com.au](http://www.mccullough.com.au)

## BANKERS

Commonwealth Bank of Australia

## STOCK EXCHANGE LISTING

intelliHR Limited (formerly intelliHR Holdings Limited) shares are listed on the Australian Securities Exchange (ASX:IHR).

## WEBSITE ADDRESS

[www.intellihr.com.au](http://www.intellihr.com.au)

# CHAIRMAN AND MANAGING DIRECTOR'S LETTER

It is our pleasure to present the Annual Report of IntelliHR Limited (formerly IntelliHR Holdings Limited) for the year to 30 June 2019.

Having commenced operations in 2014, IntelliHR commercialised its product in 2016 and listed on the Australian Stock Exchange in 2018. The company is now successfully leveraging capital raised to be delivering record levels of growth and attaining significant business milestones.

Still an early stage technology business, IntelliHR is in a very exciting growth phase having recorded its strongest 12 month period of subscriber and Annual Recurring Revenue (ARR) growth. The company successfully grew contracted subscription revenue by 200%, tripling from \$406,000 in FY2018 to \$1,217,000 adding \$811,000 in ARR over the financial year. In the first half of the financial year ARR grew 53% and the second half grew a further 96% demonstrating a strengthening growth model, with ARR growth now accelerating each half-on-half for the past 2 years. Revenue retention for the 12 months to June 2019 was also excellent at 111%.

Key drivers of this performance have included the Company's investment into growth of the sales pipeline and continued optimisation of the sales process to win new business faster in the mid-market through its direct sales channel.

Integration and partnership sales channels are now well underway and expected to add further momentum to IntelliHR's sales results in FY2020. The Partner Program grew to 23 Partners over the year, whilst two direct integration relationships were established. These sales channels are key to IntelliHR building a fast scaling distribution channel internationally.

IntelliHR has also honed its product and market focus upon People Management to better leverage the competitiveness of our Performance HR capabilities. A key competitive advantage is our SaaS technology which delivers our all-in-one people management allowing organisations to maintain a real-time



Tony Bellas



Rob Bromage

handle on performance, create a culture aligned with business strategy and contribute to strategic decision-making with data-driven insights.

intelliHR continues to deliver results for our now 58 high profile customers including lower costs, higher productivity and improved revenues. The value of intelliHR's people management platform to its customers is reflected in its strong customer retention to date. intelliHR's global relevance is also evidenced by the expansion of subscribers into ten countries and 16% of contracted revenue is now accounted for by our Global Activities.

In the year ahead, the company's growth strategy will be intensely focused on continuing to build scale and leverage the strong relationships being built with partners. It will continue to focus on high value integrations to support new customer lead generation opportunities and fast track the building of an

ecosystem of integrated best in class HR tools, centred around intelliHR as the essential core people management platform for business.

We would like to thank the talented and energetic team at intelliHR for their efforts over the year. As well, we would like to thank our two other Independent Directors, Greg Baynton and Jamie Duffield, for their diligence and support in guiding the company through this exciting phase in its development.

TONY BELLAS

Chairman

ROB BROMAGE

Managing Director

# DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of IntelliHR Limited (formerly IntelliHR Holdings Limited) and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the Group.

## DIRECTORS AND COMPANY SECRETARY

The following persons were Directors of IntelliHR Limited during the whole of the financial year and up to the date of this report (except for J Fong, who resigned on the 18th February 2019):

A Bellas	>	J Duffield
G Baynton	>	R Bromage

The Company Secretary is Suzanne Yeates. Suzanne was appointed to the position of Company Secretary in 2016. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the development of an innovative, cloud-based people management platform.

No significant change in the nature of these activities occurred during the period.

## DIVIDENDS

The Directors do not recommend the payment of a dividend.

No dividend was paid during the year.

## REVIEW OF OPERATIONS

FY2019 delivered record levels of growth. IntelliHR executed its strongest 12 month period of subscriber and ARR growth leveraging IPO capital to execute a high growth strategy and position well to execute future scaling opportunities.

- > 188% contracted subscriber growth with 6,167 contracted subscribers added over FY2019
- > 200% Annual Recurring Revenue (ARR) growth contracting \$811,000 ARR over FY2019
- > \$1.2M Contracted ARR, \$100K Contracted Monthly Recurring Revenue (MRR) milestone achieved
- > 9,451 subscribers contracted as at 30 June 2019 with milestone of 10,000 achieved in July 2019
- > Global expansion with users now extending across 10 countries: Australia, New Zealand, US, Canada, Europe, UK, Thailand, Philippines, India and South Africa
- > 16% of contracted revenue is accounted for by our Global Activities, and this is expected to continue rapidly expanding
- > Three US based customers were onboarded and a flagship New Zealand customer, the country's second largest public utility, was secured
- > Increased traction was achieved across key, already established industries including Professional Services, Technology, Financial Services, Education, Mining, Not For Profit and General Industry, whilst growing strongly in new sectors of Engineering, Public Utility, Age Care and Allied Health
- > Expansion of the Partner Program to 23 Australian and New Zealand Partners
- > Successful repricing of Professional Services fees has seen an increase in revenue from implementation services





T Bellas

G Baynton

J Duffield

R Bromage

Integration capabilities strengthened with successful launch of Public API in January 2019

Mutual revenue share agreement with Greenhouse.io, a leading Recruiting Software and Applicant Tracking System based in the US in May 2019

Xero integration live customer beta trial approved in May 2019. intelliHR's beta integration with Xero leverages intelliHR's new hire onboarding automation capabilities by adding new employee self-service (ESS) functionality for Xero Payroll

Zapier middleware integration completed to enable our customers to self-serve their own unique integration workflows and fast track integrations with over 1,500 technologies

Growth of sales pipeline through targeted digital marketing efforts. As at 30 June 2019, the qualified sales pipeline had 169 active customer sales opportunities with potential total ARR estimated to be in excess of \$15M.

Overall, intelliHR has achieved very positive growth, rewarding our investment into efficiently scaling our sales operation through a strong focus on targeted digital marketing. Our technology has demonstrated product-market fit with proven results for customers and successfully competes with incumbent technologies, locally and globally. It will continue to be developed with a healthy balance of disruptive innovation and customer feedback.

We are very pleased with our progress over the year and excited by what we expect to achieve in 2020.

As disclosed in the financial report, the Group achieved a net loss of \$5,432,113 (2018: \$4,679,807) and net operating cash outflows of \$3,177,654 (2018: \$2,855,084) for the year ended 30 June 2019.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

From May to August 2019, \$4 million was raised through the placement of 48,333,334 shares.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on likely developments and expected results of operations are included in the review of operations above.

## EVENTS SINCE THE END OF THE FINANCIAL YEAR

Since 30 June 2019, and following receipt of Shareholder approval on 5 August 2019, the Company has:

- › Issued 21,147,124 ordinary shares at \$0.075 to sophisticated and institutional investors, including 666,666 to Anthony Bellas, the Chairman of the Company;
- › Issued 833,333 ordinary shares at \$0.12 to Robert Bromage. The shares were issued following the conversion of the short-term loan received from Robert Bromage (refer Note 23);
- › Issued 4,166,666 options over ordinary shares with an exercise price of \$0.30 and expiring 30/04/2021 (including 416,666 to Robert Bromage); and
- › Issued 4,166,666 options over ordinary shares with an exercise price of \$0.075 and expiring 09/08/2021 (including 416,666 to Robert Bromage).

No other matters or circumstances have arisen since the end of the financial which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

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# INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

## A BELLAS

Chair – Non-executive



### EXPERIENCE AND EXPERTISE

Mr Bellas brings over 30 years of experience in the public and private sectors. Tony was previously CEO of the Seymour Group, one of Queensland's largest private investment and development companies. Prior to joining the Seymour Group, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State's largest electricity generation company, operating over 3,500 MW of gas-fired and coal-fired plant at four locations.

Tony had a long career with Queensland Treasury, achieving the position of Deputy Under Treasurer.

Tony is a director of the following unlisted companies:

Loch Explorations Pty Ltd, Colonial Goldfields Pty Ltd, Burlington Mining Pty Ltd, West Bengal Resources (Australia) Pty Ltd and the Endeavour Foundation. He is also a director of the following listed companies:

### OTHER CURRENT DIRECTORSHIPS

Chairman of Shine Corporate Limited (ASX: SHJ), Chairman of NOVONIX Limited (ASX: NVX) and Director of State Gas Limited (ASX: GAS).

### FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- > Corporate Travel Management Ltd (ASX: CTD)
  - Ceased March 2019
- > ERM Power Ltd (ASX: EPW)
  - Cease February 2019.

### SPECIAL RESPONSIBILITIES

- > Chairman of the Board
- > Member of the Audit Committee
- > Member of the Risk Committee.

### INTERESTS IN SHARES AND OPTIONS

- > 2,050,344 ordinary shares
- > 2,080,944 options over ordinary shares.

## G BAYNTON

Non-Executive Director



### EXPERIENCE AND EXPERTISE

Mr Baynton is Founder and Managing Director of ORBIT CAPITAL, an investment and advisory firm and holder of an Australian Financial Services Licence. He has been a Director of ASX-listed companies for over 20 years, in sectors including technology, infrastructure and resources.

Mr Baynton has experience in investment banking, merchant banking, infrastructure investment, IPOs, public company directorships, Queensland Treasury and the Department of Mines and Energy. He holds a Bachelor of Business, a Post-graduate Diploma in Applied Finance and Investment, a Masters of Economic Studies, and a Masters of Business Administration. He is a Fellow of the Geological Society of London.

### OTHER CURRENT DIRECTORSHIPS

Non-executive Director of Superloop Limited (ASX: SLC). Executive Director of State Gas Limited (ASX: GAS) and NOVONIX Limited (ASX: NVX).

### FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- > None.

### SPECIAL RESPONSIBILITIES

- > Chairman of the Audit Committee
- > Member of the Risk Committee.

### INTERESTS IN SHARES AND OPTIONS

- > 3,638,798 ordinary shares
- > 2,080,944 options over ordinary shares.

# INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

## J DUFFIELD

Non-Executive Director



### EXPERIENCE AND EXPERTISE

Mr Duffield has over 20 years of experience in the IT industry and is the CEO of Revolution IT, a leading quality assurance consulting firm which he co-founded in 2004. He has strong risk, governance and commercial experience with expertise in driving growth through sales, marketing, mergers and acquisitions.

Jamie is also a Director of www.crowdsprint.com and a graduate of the Australian Institute of Company Directors.

### OTHER CURRENT DIRECTORSHIPS

- > None.

### FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- > None.

### SPECIAL RESPONSIBILITIES

- > Chairman of the Risk Committee
- > Member of the Audit Committee.

### INTERESTS IN SHARES AND OPTIONS

- > 2,075,690 ordinary shares
- > 1,387,296 options over ordinary shares.

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## R BROMAGE

Managing Director

### EXPERIENCE AND EXPERTISE

Mr Bromage is a HR Professional with 22 years in the industry.

An experienced businessman his entrepreneurial flair and continuous, forward-thinking improvement is fuelled by his passion for HR and high-performing business. His career has centred around the field of building validated performance prediction models, developing his expertise in human capital management analytics. He actively researches the future of people management, which drives intelliHR's evolution.

Career highlights include:

- › Founder and current CEO of intelliHR – an Australian HR technology business developing and currently marketing a next-generation cloud-based people management Platform
- › Founder of APRG – a Human Capital Management Consulting organisation focused on delivering leading consulting services to Australian businesses.

Specialties:

People and Culture Strategy Alignment, Performance Management Frameworks, HR Process Design, Attrition Reduction, HR Software Development, HR Technology Implementation, HR Metrics and Predictive Analytics.

### OTHER CURRENT DIRECTORSHIPS

- › None.

### FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- › None.

### SPECIAL RESPONSIBILITIES

- › Managing Director.

### INTERESTS IN SHARES AND OPTIONS

- › 22,304,408 ordinary shares
- › 4,728,875 options over ordinary shares.

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## MEETINGS OF DIRECTORS

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

	FULL MEETINGS OF DIRECTORS		MEETINGS OF AUDIT COMMITTEE	
	A	B	A	B
A Bellas	9	9	2	2
G Baynton	9	9	2	2
J Duffield	9	9	2	2
R Bromage	9	9	-	-
J Fong	2	3	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

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# REMUNERATION REPORT (AUDITED)

The Directors present the IntelliHR Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- |     |   |     |  |
|-----|---|-----|--|
| (a) | Key management personnel (KMP) covered in this report | (e) | Remuneration expenses for executive KMP    |
| (b) | Remuneration policy and link to performance           | (f) | Contractual arrangements for executive KMP |
| (c) | Elements of remuneration                              | (g) | Non-executive Director arrangements        |
| (d) | Link between remuneration and performance             | (h) | Additional statutory information           |

## (A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

**NON-EXECUTIVE AND EXECUTIVE DIRECTORS, AND OTHER KEY MANAGEMENT PERSONNEL**  
(See pages 10 to 13 for details about each Director)

### NON-EXECUTIVE DIRECTORS

A Bellas (Non-executive Chairman)

G Baynton (Non-executive Director)

J Duffield (Non-executive Director)

### EXECUTIVE DIRECTORS

R Bromage (Managing Director)

J Fong (Chief Technology Officer) - Resigned 18 February 2019

### OTHER KEY MANAGEMENT PERSONNEL

P Trappett (Chief Operating Officer) - Appointed 11 July 2018

**(B) REMUNERATION POLICY AND LINK TO PERFORMANCE**

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and conforms with our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- > competitive and reasonable, enabling the Group to attract and retain key talent
- > aligned to the Group's strategic and business objectives and the creation of shareholder value
- > transparent and easily understood, and
- > align with shareholder interests and are acceptable to shareholders

ELEMENT	PURPOSE	PERFORMANCE METRICS	POTENTIAL VALUE	CHANGES FOR FY 2019
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	None
STI	Reward for in-year performance	Based on individual KPIs.	50% of TFR	Introduction of STIs
LTI	Alignment to long-term shareholder value	Performance vesting conditions	50% of TFR	Introduction of formal LTIs

Long term incentives are assessed periodically and are designed to promote long-term stability in shareholder returns.

**Assessing performance**

The board of directors is responsible for assessing performance against KPIs and determining the LTI to be paid.

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**(C) ELEMENTS OF REMUNERATION****(i) Fixed annual remuneration (FR)**

Executives receive their fixed remuneration as cash. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2019.

Superannuation is included in FR for executives.

**(ii) Short term incentives**

Short term incentives for all key management personnel (excluding non-executive directors) have been implemented for FY2019. They are eligible to receive a cash bonus of up to 50% of their total fixed remuneration at the end of the financial year subject to the executive achieving the KPIs set for them during the financial year.

The Group reserves the right to pay any STI in either cash, fully paid ordinary shares or performance rights at the board of director's sole discretion.

If an executive does not achieve each of the KPIs during the financial year, the board shall determine the appropriate pro rate STI to be received by the Executive. The Board of Directors shall make this determination for both the Managing Director and the Chief Operating Officer.

For the year ended 30 June 2019, key performance indicators were based on the Group objectives focusing on customer growth. Achievement against KPIs is reviewed annually by the Board of Directors.

For each KMP eligible for short-term incentive, the percentage split of the available bonus awarded and forfeited is disclosed in the following table.

NAME	2019		2018	
	AWARDED %	FORFEITED %	AWARDED %	FORFEITED %
R Bromage	0%	100%	56%	44%
J Fong*	-	-	90%	10%
P Trappett**	54%	46%	-	-

\* J Fong ceased as an employee on 18 February 2019

\*\* P Trappett commenced on 11 July 2018.

(iii) Long-term incentives

Executive KMP participate, at the board's discretion, in a performance based long term incentive program (LTI) with a maximum annual benefit of 50% of TFR, which is assessed over a three year period and is payable in shares or performance rights at the discretion of the board. Performance is assessed against an earnings per share growth hurdle, unless otherwise agreed.

Options

There were no options granted to KMP during FY2019.

(D) LINK BETWEEN REMUNERATION AND PERFORMANCE

During the year, the Group has generated losses from its principal activity. As the Group is still growing the business, the link between remuneration, Group performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuation in the domestic and global economy, and as such, increases and decreases may occur independently of executive performance.

Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements are as follows:

	SHARE PRICE
Year end 30 June 2019	7.7 cents
Year end 30 June 2018	26.5 cents
On admission to ASX - 23 January 2018	30 cents

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**(E) REMUNERATION EXPENSES FOR EXECUTIVE KMP**

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

NAME	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		TOTAL \$	RELATED TO PERFORMANCE %
		CASH SALARY \$	NON- MONETARY BENEFITS \$	ANNUAL AND LONG SERVICE LEAVE** \$	POST- EMPLOYMENT BENEFITS \$	OPTIONS* \$	STI \$		
<b>EXECUTIVE DIRECTORS</b>									
R Bromage	<b>2019</b>	300,000	7,314	23,360	28,500	69,693	-	428,867	16.3%
	2018	265,385	7,033	112,962	25,212	136,932	91,980	639,504	35.8%
J Fong	<b>2019</b>	220,546	-	(54,619)	16,442	(87,686)	-	94,683	(92.6%)
	2018	229,231	-	26,873	21,777	141,861	123,188	542,930	48.8%
<b>NON-EXECUTIVE DIRECTOR</b>									
A Bellas	<b>2019</b>	30,000	-	-	2,850	53,969	-	86,819	62.2%
	2018	13,083	-	-	1,243	137,246	-	151,572	90.5%
G Baynton	<b>2019</b>	30,000	-	-	2,850	53,686	-	86,536	62.0%
	2018	13,083	-	-	1,243	136,511	-	150,837	90.5%
J Duffield	<b>2019</b>	30,000	-	-	2,850	53,969	-	86,819	62.2%
	2018	13,083	-	-	1,243	137,246	-	151,572	90.5%
<b>OTHER KEY MANAGEMENT PERSONNEL</b>									
P Trappett	<b>2019</b>	175,846	-	6,203	16,705	119,977	-	318,731	37.6%
	2018	-	-	-	-	-	-	-	-
<b>TOTAL KMP REMUNERATION EXPENSED</b>									
	<b>2019</b>	<b>786,392</b>	<b>7,314</b>	<b>(25,056)</b>	<b>70,197</b>	<b>263,608</b>	<b>-</b>	<b>1,102,455</b>	<b>-</b>
	2018	533,865	7,033	139,835	50,718	689,796	215,168	1,636,415	-

\* Options granted under the executive options plan are expensed over the performance period, which includes the year in which the options are granted and the subsequent vesting period.

\*\* Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated provision. They may be negative where a KMP has taken more leave than accrued during the year.

(F) CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMP

COMPONENT	MD	COO
Fixed remuneration	\$328,500	\$197,100
Contract duration	Ongoing	Ongoing
Notice by the individual / company	6 months	6 months
Termination benefits	-	-

(G) NON-EXECUTIVE DIRECTOR ARRANGEMENTS

All non-executive directors receive fees of \$30,000 per annum plus superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 23 January 2018.

The maximum annual aggregate non-executive Directors' fee pool limit is \$300,000 and was set out in the 2017 Prospectus.

All Non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration relevant to the office of Director.

(H) ADDITIONAL STATUTORY INFORMATION

(i) Performance based remuneration granted, exercised and forfeited during the year

The table below shows for each KMP the value of options that were granted, exercised and forfeited during FY2019. The number of options and percentages vested/forfeited for each grant are disclosed on page 21.

LTI OPTIONS 2019	VALUE GRANTED* \$	VALUE EXERCISED** \$
A Bellas	-	-
G Baynton	-	-
J Duffield	-	43,006
R Bromage	-	-
J Fong	-	166,163

\* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

\*\* The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

LTI PERFORMANCE RIGHTS 2019	VALUE GRANTED* \$	VALUE EXERCISED** \$
P Trappett	168,979	-

The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

## (ii) Terms and conditions of the share-based payment arrangements

## Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	PERFORMANCE ACHIEVED	% VESTED
23/11/2016	30/09/2018	1/12/2021	\$0.01	\$0.1294	100%	100%
23/11/2016	31/12/2018	1/12/2021	\$0.01	\$0.1298	100%	100%
23/11/2016	31/03/2019	1/12/2021	\$0.01	\$0.1301	100%	100%
23/11/2016	30/06/2019	1/12/2021	\$0.01	\$0.1304	100%	100%
23/11/2016	30/09/2019	1/12/2021	\$0.01	\$0.1307	-	-
23/11/2016	31/12/2019	1/12/2021	\$0.01	\$0.1309	-	-
23/11/2016	31/03/2020	1/12/2021	\$0.01	\$0.1311	-	-
23/11/2016	30/06/2020	1/12/2021	\$0.01	\$0.1313	-	-
23/11/2016	30/09/2020	1/12/2021	\$0.01	\$0.1314	-	-
23/11/2016	30/09/2018	1/12/2021	\$0.20	\$0.1055	100%	100%
23/11/2016	31/12/2018	1/12/2021	\$0.20	\$0.1071	100%	100%
23/11/2016	31/03/2019	1/12/2021	\$0.20	\$0.1084	100%	100%
23/11/2016	30/06/2019	1/12/2021	\$0.20	\$0.1096	100%	100%
23/11/2016	30/09/2019	1/12/2021	\$0.20	\$0.1108	-	-
23/11/2016	31/12/2019	1/12/2021	\$0.20	\$0.1117	-	-
23/11/2016	31/03/2020	1/12/2021	\$0.20	\$0.1126	-	-
23/11/2016	30/06/2020	1/12/2021	\$0.20	\$0.1134	-	-
23/11/2016	30/09/2020	1/12/2021	\$0.20	\$0.1140	-	-
16/12/2016	30/09/2018	1/12/2021	\$0.01	\$0.1293	100%	100%
16/12/2016	31/12/2018	1/12/2021	\$0.01	\$0.1297	100%	100%
16/12/2016	31/03/2019	1/12/2021	\$0.01	\$0.1300	100%	100%
16/12/2016	30/06/2019	1/12/2021	\$0.01	\$0.1303	100%	100%
16/12/2016	30/09/2019	1/12/2021	\$0.01	\$0.1306	-	-
16/12/2016	31/12/2019	1/12/2021	\$0.01	\$0.1308	-	-
05/01/2017	30/09/2018	1/12/2021	\$0.04	\$0.1202	100%	100%
05/01/2017	31/12/2018	1/12/2021	\$0.04	\$0.1213	100%	100%
05/01/2017	31/03/2019	1/12/2021	\$0.04	\$0.1222	100%	100%
05/01/2017	30/06/2019	1/12/2021	\$0.04	\$0.1230	100%	100%
05/01/2017	30/09/2019	1/12/2021	\$0.04	\$0.1238	-	-
05/01/2017	31/12/2019	1/12/2021	\$0.04	\$0.1244	-	-

The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table on page 22. The options carry no dividend or voting rights. There are no other conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of IntelliHR Limited.

## Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER PERFORMANCE RIGHT AT GRANT DATE	PERFORMANCE ACHIEVED	% VESTED
1/7/2018	1/7/2019	1/7/2022	N/A	\$0.26	54%	-
1/7/2018	1/7/2021	1/7/2022	N/A	\$0.20	-	-

The number of performance rights over ordinary shares in the Company provided as remuneration to key management personnel is shown on page 23. The performance rights carry no dividend or voting rights. The performance rights vest as follows:

- 367,347 vest on 1 July 2021 if the relative total shareholder return is at or above the 3-year average of the S&P ASX small ordinaries Ex A-REIT Franking Credit Adjusted Annual Total Return Index Cap Index
- 367,347 vest on achievement of mutually agreed KPIs that relate to FY2019.

When exercisable, each performance right is convertible into one ordinary share of IntelliHR Limited.

If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

### (iii) Reconciliation of options, performance rights and ordinary shares held by KMP

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY2019.

No options were forfeited during the year.

#### Options

2019 NAME & GRANT DATES	BALANCE AT THE START OF THE YEAR		GRANTED AS COMPENSATION	BALANCE AT THE END OF THE YEAR					
	UNVESTED	VESTED		VESTED AND EXERCISABLE	% VESTED	UNVESTED			
<b>A BELLAS</b>									
16/12/2016	1,387,296	693,648	-	924,864	-	-	1,618,512	33%	462,432
<b>G BAYNTON</b>									
16/12/2016	1,230,000	615,000	-	820,000	-	-	1,435,000	33%	410,000
05/01/2017	157,296	78,648	-	104,864	-	-	183,512	33%	52,432
<b>J DUFFIELD</b>									
16/12/2016	1,387,296	693,648	-	924,864	693,648	-	924,864	33%	462,432
<b>R BROMAGE</b>									
23/11/2016	2,191,246	1,704,297	-	973,884	-	-	2,678,181	44%	1,217,362
<b>J FONG</b>									

23/11/2016	1,186,875	923,125	-	263,750	1,186,875	(923,125)	-	44%	-
05/01/2017	685,984	533,540	-	152,440	-	(1,219,524)	-	44%	-

## Performance Rights

The table below shows how many performance rights were granted and vested during the year. No performance rights were forfeited during the year:

NAME & GRANT DATES	BALANCE AT THE START OF THE YEAR		VESTED DURING THE YEAR	FORFEITED DURING THE YEAR	GRANTED AS COMPENSATION	BALANCE AT THE END OF THE YEAR		MAXIMUM VALUE YET TO VEST* \$
	UNVESTED	VESTED				UNVESTED	VESTED	
<b>P TRAPPETT</b>								
2019	-	-	-	-	734,694	734,694	-	49,002

\* The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that are yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

## Shareholdings

2019 NAME	BALANCE AT THE START OF THE YEAR	ISSUED ON EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>ORDINARY SHARES</b>				
A Bellas	1,383,678	-	-	1,383,678
G Baynton	3,638,798	-	-	3,638,798
J Duffield	1,382,042	693,648	-	2,075,690
R Bromage	21,029,475	-	441,600	21,471,075
J Fong	3,378,945	1,186,875	(4,565,820)*	-
P Trappett	-	-	478,540**	478,540

J Fong ceased being KMP on 18 February 2019.

\*\* P Trappett commenced employment on 9 July 2018 at which time he held 150,000 ordinary shares. During FY2019 P Trappett acquired a further 9,000 shares on market and 319,540 shares in the June 2019 placement.

### (iv) Other transactions with key management personnel

R Bromage, acting as trustee for The Bromage Family Investment Trust, loaned the Group \$100,000 on the 2nd of May 2019. The loan was interest free and represents an advance on funds to acquire shares.

The loan was repaid 3 days after the Extraordinary General Meeting held on the 5th August 2019 when shareholder approval was given to issue 833,333 fully paid ordinary shares with one attaching April Placement Option and one attaching April Placement Bonus Option for every 2 shares issued under the April Placement.

## END OF REMUNERATION REPORT (AUDITED)

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## SHARES UNDER OPTION

## Unissued ordinary shares

Unissued ordinary shares of IntelliHR Limited under option at the date of this report are as follow:

SECURITIES	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
<b>OPTIONS</b>			
23/11/2016	01/12/2021	\$0.01	377,778
16/12/2016	01/12/2021	\$0.01	5,313,240
05/01/2017	01/12/2021	\$0.04	298,838
23/11/2016	01/12/2021	\$0.20	3,895,543
01/04/2017	31/03/2022	\$0.04	32,000
11/08/2017	11/08/2022	\$0.02	693,000
27/02/2018	14/02/2023	\$0.32	294,000
23/07/2018	30/06/2023	\$0.30	370,000
<b>PERFORMANCE RIGHTS</b>			
03/09/2018	01/07/2022	N/A	734,694
09/11/2018	01/11/2022	N/A	500,000

Unissued ordinary shares of IntelliHR Limited under performance right at the date of this report total 1,234,694. 734,694 of these performance rights were the performance rights granted as remuneration to Mr Trappett. The remaining 500,000 performance rights were granted to other employees during the prior financial year. Details of the performance rights granted to key management personnel are disclosed on page 23 above.

No performance right holder or option holder has any right to participate in any other share issue of the Company or any other entity.

No performance rights have been granted since the end of the financial year.

## OUR VISION

To be the #1 people technology platform in the world, renown for transforming workplaces for the better with a powerful fusion of inspired people management and data science.





## INSURANCE OF OFFICERS AND INDEMNITIES

### (a) Insurance of officers

During the financial year, intelliHR Limited paid a premium of \$72,250 to insure the Directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### (b) Indemnity of auditors

intelliHR Limited has not agreed to indemnify their auditors.

### 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## OUR MISSION

To be the most valuable,  
addictive and must-have  
technology for every  
person, leader and  
enterprise worldwide.

## NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- › all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- › none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2019 \$	2018 \$
<b>Taxation services</b>		
BDO Qld Pty Ltd: Preparation of Tax and FBT Return, and R&D AusIndustry Return	44,844	8,580
<b>Other assurance services</b>		
BDO Audit Pty Ltd: Investigating accountants report	-	12,000
<b>TOTAL REMUNERATION FOR NON-AUDIT SERVICES</b>	<b>44,844</b>	<b>20,580</b>

### Auditor's independence declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

This report is made in accordance with a resolution of Directors.



A Bellas

Chairman

Brisbane, 30 August 2019



Tel: +61 7 3237 5999  
 Fax: +61 7 3221 9227  
 www.bdo.com.au

Level 10, 12 Creek St  
 Brisbane QLD 4000  
 GPO Box 457 Brisbane QLD 4001  
 Australia

#### DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF INTELLIHR LIMITED

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

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

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

**R M Swaby**  
 Director

**BDO Audit Pty Ltd**

Brisbane, 30 August 2019

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Corporate governance statement

intelliHR Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance.

intelliHR Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the board on 30 August 2019.

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <https://intellihr.com.au/investor-relations/#corporate-governance>.

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intelliHR

2019

F I N A N C I A L  
R E P O R T



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# intelliHR

These financial statements are for intelliHR Limited.

The financial statements are presented in the Australian currency.

intelliHR Limited is a Company limited by shares, incorporated and domiciled in Australia.

Its principal place of business is:

**intelliHR Limited**

**Level 28, 345 Queen Street**

**Brisbane QLD 4000**

All press releases, financial reports and other information are available at our website: [www.intellihr.com.au](http://www.intellihr.com.au).

## ANNUAL REPORT 2019

## FINANCIAL REPORT

## INTELLIHR LIMITED

ACN 600 548 516

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED	
	Notes	2019 \$	2018 \$
Revenue	3	478,838	199,482
Other income	3	85,957	114,019
Employee benefits expense		(2,043,754)	(2,039,931)
Directors remuneration		(789,163)	(453,981)
Depreciation and amortisation expense		(1,583,302)	(903,773)
Marketing expense		(567,325)	(672,951)
Finance expense		(75,094)	(4,877)
General and administrative expense		(938,270)	(727,149)
Share issue expenses relating to IPO		-	(190,646)
Loss before income tax expense	4	(5,432,113)	(4,679,807)
Income tax benefit	5	-	-
Loss from continuing operations		(5,432,113)	(4,679,807)
Other comprehensive income for the period, net of tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(5,432,113)</b>	<b>(4,679,807)</b>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		<b>Cents</b>	Cents
Basic earnings per share	8	(5.08)	(5.34)
Diluted earnings per share	8	(5.08)	(5.34)

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



## CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

		CONSOLIDATED	
		2019	2018
		\$	\$
<b>ASSETS</b>	Notes		
<b>Current assets</b>			
Cash and cash equivalents	9	1,956,906	1,713,360
Investments	10	-	3,000,000
Trade and other receivables	11	316,171	462,320
<b>Total current assets</b>		<b>2,273,077</b>	<b>5,175,680</b>
<b>Non-current assets</b>			
Investments	10	466,838	50,000
Plant and equipment	12	25,972	76,031
Right-of-use asset	13	2,821,917	-
Intangible assets	14	2,288,025	2,249,518
<b>Total non-current assets</b>		<b>5,602,752</b>	<b>2,375,549</b>
<b>TOTAL ASSETS</b>		<b>7,875,829</b>	<b>7,551,229</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	823,820	669,695
Lease liability	13	378,319	-
Loan from related party	23	100,000	-
<b>Total current liabilities</b>		<b>1,302,139</b>	<b>669,695</b>
<b>Non-current liabilities</b>			
Provisions	16	-	22,979
Lease liability	13	2,519,820	-
<b>Total non-current liabilities</b>		<b>2,519,820</b>	<b>22,979</b>
<b>TOTAL LIABILITIES</b>		<b>3,821,959</b>	<b>692,674</b>
<b>NET ASSETS</b>		<b>4,053,870</b>	<b>6,858,555</b>
<b>EQUITY</b>			
Contributed equity	17	14,341,235	11,915,456
Reserves	18	2,366,641	2,164,992
Accumulates losses		(12,654,006)	(7,221,893)
<b>Total equity</b>		<b>4,053,870</b>	<b>6,858,555</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	CONTRIBUTED EQUITY \$	SHARE BASED PAYMENTS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
<b>BALANCE AT 1 JULY 2017</b>	<b>3,751,364</b>	<b>1,075,146</b>	<b>(2,542,086)</b>	<b>2,284,424</b>
Loss for the period	-	-	(4,679,807)	(4,679,807)
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>(4,679,807)</b>	<b>(4,679,807)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	8,164,092	-	-	8,164,092
Share-based payments	-	1,089,846	-	1,089,846
<b>BALANCE AT 30 JUNE 2018</b>	<b>11,915,456</b>	<b>2,164,992</b>	<b>(7,221,893)</b>	<b>6,858,555</b>
Loss for the period	-	-	(5,432,113)	(5,432,113)
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>(5,432,113)</b>	<b>(5,432,113)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	2,210,611	-	-	2,210,611
Share-based payments	-	416,817	-	416,817
STI settled in shares	215,168	(215,168)	-	-
<b>BALANCE AT 30 JUNE 2019</b>	<b>14,341,235</b>	<b>2,366,641</b>	<b>(12,654,006)</b>	<b>4,053,870</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED	
	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (GST inclusive)		665,078	363,323
Payments to suppliers and employees (GST inclusive)		(3,823,193)	(3,271,015)
Interest received		36,968	52,608
Interest paid		(57,351)	-
Income tax refund		844	-
<b>Net cash outflow from operating activities</b>	20(a)	<b>(3,177,654)</b>	<b>(2,855,084)</b>
<b>Cash flows from investing activities</b>			
Payments for development		(2,143,144)	(1,725,838)
Payments for plant and equipment		(11,018)	(70,208)
Proceeds from sale of plant and equipment		500	850
Research and development tax incentive refund		819,836	428,652
Payments for security deposits		(416,838)	(50,000)
<b>Net cash outflow from investing activities</b>		<b>(1,750,664)</b>	<b>(1,416,544)</b>
<b>Cash flows from financing activities</b>			
Proceeds on issue of shares		2,337,499	8,570,624
Payment of capital raising costs and listing expenses		(126,888)	(597,178)
Proceeds from loan from related entity		100,000	-
Repayment of borrowings		(138,747)	-
<b>Net cash inflow from financing activities</b>		<b>2,171,864</b>	<b>7,973,446</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2,756,454)</b>	<b>3,701,818</b>
Cash and cash equivalents at the beginning of the year		4,713,360	1,011,542
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	20(b)	<b>1,956,906</b>	<b>4,713,360</b>

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The consolidated financial statements of IntelliHR Limited (the Company) as at and for the year ended 30 June 2019 comprise the company and its controlled entities (the Group).

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

### Going Concern

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

As disclosed in the financial report, the Group achieved a net loss of \$5,432,113 (2018: \$4,679,807) and net operating cash outflows of \$3,177,654 (2018: \$2,855,084) for the year ended 30 June 2019. As at 30 June 2019, the Group has cash of \$1,956,906 (2018: \$4,713,360).

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- > the ability of the Group to raise capital as and when necessary;
- > the ability to complete successful development and commercialisation of the Group's software platform.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the proven ability of the Group to raise necessary funding via the issue of shares as evidenced by the recent capital raisings and also the increased revenues now being achieved through software sales.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

The financial statements were authorised for issue by the Directors on 30 August 2019. The Directors have the power to amend and reissue the financial statements.

**a. Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IntelliHR Limited ('Company' or 'Parent Entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. IntelliHR Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**b. Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- › When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- › When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## c. Revenue from contracts with customers

**Measurement and recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Service operating fees primarily consists of fees that give customers access to the intelliHR platform and to technical support. These revenues are recognised over time as they are delivered and consumed concurrently over the contractual term, beginning on the date the service is made available to the customer. Contracts typically have a term of 1 to 3 years in duration. Customers are invoiced monthly in advance for service operating fees.

Service initiation fees charged to customers for implementation services are recognised over time and amortised over the life of these contracts, and costs directly attributable to the implementation services are capitalised and amortised over a period consistent with the term of revenue recognition.

**Financing components**

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds 1 year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. Payments from customers are generally collected in advance of provision of services.

In applying AASB 15 to contracts with customers, the Group has determined that there are no material rights offered by way of options for additional services to be provided at a discount within the contractual terms. Where the Group provides discounts or rebates to customers, these are factored into the transaction price and are recognised on a systematic basis in line with the revenue stream to which they relate.

**Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**d. Impairment of non-financial assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

**e. Development costs**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over three years, which given the constant and rapid development of the project, management considers to represent the useful life of the project.

**f. Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

**Plant and equipment - 2 years**

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**g. Right-of-use assets**

Right-of-use assets are measured at cost which includes the lease payments and direct costs incurred over the life of the lease, plus an estimate of a "make good" payment, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is measured at the present value of the lease payments discounted at the Group's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments.

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**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**h. 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 within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Other long-term employee benefits**

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

**Equity-settled share-based compensation benefits are provided to employees.**

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost 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.

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.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**i. Provisions**

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

**j. Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes fixed term deposits, which are shown within investments in current assets on the consolidated balance sheet.

**k. Trade receivables**

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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(s(ii)) for further discussion on the determination of impairment losses.

**l. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**m. Other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

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**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**n. Current and non-current classification**

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

**o. Issued capital**

Ordinary shares are classified as equity.

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

**p. Earnings per share****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of intelliHR Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**q. Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**r. Critical accounting estimates and judgements****Recognition of Development Costs**

For the purpose of measurement, AASB 138 allows costs incurred in the development stage to be capitalised if certain requirements are met, including:

- > It is technically feasible that the intangible asset will be completed so that it will be available for use;
- > It is the intention to complete the intangible asset and use it;
- > It can be demonstrated that it is probable that the intangible asset will generate future economic benefits;
- > There are adequate resources to complete the development of the intangible asset;
- > The expenditure attributable to the intangible asset during its development can be measured reliably.

As the Group meets all of the above requirements, all costs directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended, have been capitalised.

All costs to maintain the development asset are expensed as incurred.

**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 the binomial tree model and Hull White model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

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**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**s. New and Amended Accounting Policies Adopted by the Group**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Apart from the changes in accounting policy, there has been no material impact on the financial statements by their adoption.

The only new, revised or amended Accounting Standard or Interpretation that is not yet mandatory that has been early adopted is AASB 16 Leases.

**AASB 9 Financial Instruments**

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

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in the following changes to accounting policies.

**(i) Classification and Measurement**

On 1 July 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories. There were no changes to the classification and measurement of financial assets.

**(ii) Impairment of financial assets**

The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables. There was no material impairment loss identified.

The Group has performed an assessment on expected credit losses using the simplified approach for trade receivables.

Cash and cash equivalents, and Investments are also subject to the impairment requirements of AASB 9. There was no material impairment loss identified for these types of assets.

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 Revenue, and related interpretations and applies to all revenue arising from contracts with customers. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Under AASB 15 revenue is apportioned to individual performance obligations within customer contracts based on their relative stand-alone selling price. Based on certain criteria, revenue is then recognised either over time or at a point in time as these performance obligations are satisfied. The standard also requires the capitalisation of incremental costs of obtaining a contract, and costs directly related to fulfilling a contract, where these costs are expected to be recovered.

Refer to Note 1(c) for the Group's Revenue accounting policy.

**AASB 16 Leases**

AASB 16 was issued in February 2016 when IntelliHR adopted the full retrospective approach. As there were no leases under AASB 16 required to be accounted for in the prior financial year there was no impact on comparatives in this financial report. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has adopted AASB 16 and recognised a right-of-use asset and a lease liability for its premises lease that commenced on 1 January 2019 (the previous lease was on a rolling month to month basis and thus exempt from the requirement to record a right of use asset and lease liability). The right-of-use asset is measured at cost which includes the lease payments and direct costs incurred over the life of the lease, plus an estimate of a "make good" payment, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is measured at the present value of the lease payments discounted at the Group's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments.

The Group has no short-term and low-value leases.

**NOTE 2 PARENT INFORMATION**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2019 \$	2018 \$
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,816,242	1,626,730
Investments	-	3,000,000
Trade and other receivables	190,854	201,360
<b>Total current assets</b>	<b>2,007,096</b>	<b>4,828,090</b>
<b>Non-current assets</b>		
Plant and equipment	25,972	76,031
Intangible assets	2,288,025	2,249,518
<b>Total non-current assets</b>	<b>2,313,997</b>	<b>2,325,549</b>
<b>TOTAL ASSETS</b>	<b>4,321,093</b>	<b>7,153,639</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	267,223	67,507
<b>Total current liabilities</b>	<b>267,223</b>	<b>67,507</b>
<b>TOTAL LIABILITIES</b>	<b>267,223</b>	<b>67,507</b>
<b>NET ASSETS</b>	<b>4,053,870</b>	<b>7,086,132</b>
<b>EQUITY</b>		
Contributed equity	14,341,235	11,915,456
Reserves	2,366,641	2,164,992
Accumulates losses	(12,654,006)	(6,994,316)
<b>Total equity</b>	<b>4,053,870</b>	<b>7,086,132</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
<b>TOTAL LOSS AND TOTAL COMPREHENSIVE INCOME</b>	<b>(5,659,690)</b>	<b>(5,410,912)</b>

**NOTE 2 PARENT INFORMATION (CONTINUED)**
**Guarantees**

intelliHR Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

**Contingent liabilities**

At 30 June 2019, intelliHR Limited did not have any contingent liabilities (2018:Nil).

**Contractual commitments**

At 30 June 2019, intelliHR Limited did not have any contractual commitments (2018: Nil).

**NOTE 3 REVENUE**

	2019			2018		
	AUSTRALIA	REST OF THE WORLD	TOTAL	AUSTRALIA	REST OF THE WORLD	TOTAL
<b>Revenue from contracts with customers</b>						
Over time (Service Operating Fees)	420,605	18,038	438,643	191,149	-	191,149
Over time (Service Initiation Fees)	37,940	2,255	40,195	8,333	-	8,333
<b>Total revenue</b>	<b>458,545</b>	<b>20,293</b>	<b>478,838</b>	<b>199,482</b>	<b>-</b>	<b>199,482</b>
<b>Other income</b>						
Interest received	36,968	-	36,968	52,608	-	52,608
Other income	48,989	-	48,989	61,411	-	61,411
<b>Total other income</b>	<b>85,957</b>	<b>-</b>	<b>85,957</b>	<b>114,019</b>	<b>-</b>	<b>114,019</b>

**NOTE 4 LOSS FOR THE YEAR**

Loss before income tax from continuing operations includes the following items that are unusual because of their nature, size or incidence:

	2019 \$	2018 \$
Amortisation of intangible assets	1,307,257	855,036
Depreciation of property, plant and equipment	61,076	48,737
Depreciation of right-of-use asset	214,969	-
<b>Total</b>	<b>1,583,302</b>	<b>903,773</b>
<b>Included in employee benefits expense and Directors remuneration:</b>		
Superannuation contributions	195,876	109,954
Share based payments expense	442,850	880,067
Loss on foreign exchange	1,449	-
Interest paid on lease liabilities	57,351	-



**NOTE 5 INCOME TAX EXPENSE**

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2019 \$	2018 \$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(5,432,113)	(4,679,807)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(1,493,831)	(1,286,947)
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Non-deductible items	464,491	454,729
Tax rate restatement at 27.5%	-	-
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	1,029,340	832,218
<b>Income tax expense / (benefit)</b>	<b>-</b>	<b>-</b>
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	7,904,349	4,251,803
Potential tax benefit @ 27.5% (2018: 27.5%)	2,173,696	1,169,246
(c) Tax expense (income) recognised directly in equity		
<b>Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:</b>		
Deferred tax: Share issue costs	-	-

**NOTE 5** INCOME TAX EXPENSE (CONTINUED)

	2019 \$	2018 \$
(d) Deferred tax assets		
<i>The balance comprises temporary differences attributable to:</i>		
Tax losses	2,173,696	1,169,246
Employee entitlements	96,861	88,382
Share issue costs	130,395	137,297
Accrued expenses	38,016	33,294
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>2,438,968</b>	<b>1,428,219</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(60,708)	(114,193)
Deferred tax assets not recognised	(2,378,260)	(1,314,026)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>
(e) Deferred tax liabilities		
<i>The balance comprises temporary differences attributable to:</i>		
Development assets	17,358	36,155
Interest receivable	3,308	6,104
Prepayments	40,042	71,934
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>60,708</b>	<b>114,193</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(60,708)	(114,193)
<b>NET DEFERRED TAX LIABILITIES</b>	<b>-</b>	<b>-</b>

Unused losses which have not been recognised as an asset, will only be obtained if:

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

**NOTE 6 KEY MANAGEMENT PERSONNEL COMPENSATION**

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2019 \$	2018 \$
Short-term employee benefits	768,650	680,733
Other long-term benefits	70,197	50,718
Share-based compensation	263,608	904,964
<b>TOTAL KMP COMPENSATION</b>	<b>1,102,455</b>	<b>1,636,415</b>

**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

**Other long-term benefits**

These amounts are the current-year's superannuation contributions made during the year and the movement of long service leave liabilities.

**Share-based payments**

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, performance rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors report.

**NOTE 7 AUDITOR'S REMUNERATION**

	2019 \$	2018 \$
<b>Remuneration of the auditor for:</b>		
Auditing or reviewing the financial reports	73,385	65,000
<b>Remuneration for non-audit services</b>		
Preparation of Tax and FBT Return, and R&D AusIndustry Return	44,844	8,580
Investigating accountants report	-	12,000
<b>TOTAL AUDITOR'S REMUNERATION</b>	<b>118,229</b>	<b>85,580</b>

**NOTE 8 EARNINGS PER SHARE**

	2019 Cents	2018 Cents
(a) Basic earnings per share		
<b>TOTAL BASIC EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>(5.08)</b>	<b>(5.34)</b>
(b) Diluted earnings per share		
<b>TOTAL DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>(5.08)</b>	<b>(5.34)</b>
(c) Reconciliations of earnings used in calculating earnings per share	2019 \$	2018 \$
<b>BASIC EARNINGS PER SHARE</b>		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(5,432,113)	(4,679,807)
<b>DILUTED EARNINGS PER SHARE</b>		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(5,432,113)	(4,679,807)
(d) Weighted average number of shares used as the denominator	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	106,985,988	87,588,492
(e) Information concerning the classification of securities		
(i) Options and rights		
Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2019. These options could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 21.		

**NOTE 9 CASH AND CASH EQUIVALENTS**

	2019 \$	2018 \$
Cash at bank and on hand	1,956,906	1,713,360
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,956,906</b>	<b>1,713,360</b>

**NOTE 10 INVESTMENTS**

	CONSOLIDATED	
	2019 \$	2018 \$
Current fixed term cash deposits	-	3,000,000
Non-current fixed term cash deposits (restricted)	466,838	50,000
<b>TOTAL INVESTMENTS</b>	<b>466,838</b>	<b>3,050,000</b>

**NOTE 11 TRADE AND OTHER RECEIVABLES**

	2019 \$	2018 \$
Trade receivables	42,440	24,880
Other receivables	41,184	51,149
Prepayments	232,547	386,291
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>316,171</b>	<b>462,320</b>

**Credit risk**

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis. The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer to the transaction.

From 1 July 2018 the Group now assess impairment on trade and receivables using the simplified approach of the expected credit loss (ECL) model under AASB 9. Due to the minimal history of bad debt write offs and strong credit approval processes, the Group have determined that the incorporation of the ECL model will not have a material effect on impairment as at 30 June 2019.

The balance of receivables that remain within initial trade terms are considered to be of high credit quality.

**NOTE 12 PLANT AND EQUIPMENT**

	CONSOLIDATED	
	2019 \$	2018 \$
<b>PLANT AND EQUIPMENT</b>		
At cost	143,707	134,877
Accumulated depreciation	(117,735)	(58,846)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>25,972</b>	<b>76,031</b>
<b>MOVEMENTS IN CARRYING AMOUNTS</b>		
<b>Plant and equipment</b>		
Balance at 1 July	76,031	54,920
Additions	11,017	71,188
Disposals	-	(1,340)
Depreciation expense	(61,076)	(48,737)
<b>BALANCE AT 30 JUNE</b>	<b>25,972</b>	<b>76,031</b>

**NOTE 13 LEASES**

The Group is the lessee of an office premises and information about this lease is presented below:

	2019 \$	2018 \$
<b>RIGHT-OF-USE ASSET</b>		
Balance at 1 January (lease inception)	3,036,886	-
Depreciation charge for the year	(214,969)	-
<b>Balance at 30 June 2019</b>	<b>2,821,917</b>	<b>-</b>

	2019 \$	2018 \$
<b>LEASE LIABILITIES</b>		
<b>Maturity Analysis</b>		
Less than one year	378,319	-
One to five years	2,259,468	-
More than five years	260,352	-
<b>Total Lease Liabilities at 30 June</b>	<b>2,898,139</b>	<b>-</b>

	2019 \$	2018 \$
<b>AMOUNTS RECOGNISED IN PROFIT OR LOSS</b>		
Interest on lease liabilities	57,351	-
Depreciation right-of-use-asset	214,969	-

	2019 \$	2018 \$
<b>AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOWS</b>		
Cashflows from operating activities	196,098	-
Interest paid	57,351	-
<b>Cash flows from financing activities</b>		
Repayment of borrowings	137,747	-

**NOTE 14 INTANGIBLE ASSETS**

	2019 \$	2018 \$
<b>DEVELOPMENT COSTS</b>		
Cost	5,081,773	3,736,009
Accumulated amortisation	(2,793,748)	(1,486,491)
<b>TOTAL DEVELOPMENT COSTS</b>	<b>2,288,025</b>	<b>2,249,518</b>

	2019 \$	2018 \$
<b>MOVEMENTS IN CARRYING AMOUNTS</b>		
Balance at 1 July	2,249,518	1,480,602
Additions – internally developed	2,117,111	1,991,193
Research and development tax incentive	(771,347)	(367,241)
Amortisation charge	(1,307,257)	(855,036)
<b>BALANCE AT 30 JUNE</b>	<b>2,228,025</b>	<b>2,249,518</b>

**NOTE 14** INTANGIBLE ASSETS (CONTINUED)**Impairment testing**

The recoverable amount of the Development asset and Right of Use Asset (note 13) is determined based on value-in-use calculations. These calculations utilised cash flow projections for five years based on the FY2020 and FY2021 budget which has been risk adjusted and reviewed by management.

On this basis, the Group determined that the recoverable amount of the Development asset of \$2,288,025 (2018:\$ 2,249,518) and the Right of Use Asset \$2,821,917, exceeded their combined carrying value and no impairment charge was required in this financial year (2018: Nil).

The value-in-use calculations are sensitive to discount rates, revenue and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable.

**Key assumptions used for value-in-use calculations**

Revenue projections are based on sales for the year ended 30 June 2019 and revenue projections for 2020 to 2021 based on the key drivers in the current business. Expenses are based on detailed knowledge of the business, historic activity, and projections for 2020 to 2021 based on the key drivers in the current business. These have been extrapolated in years 2022 to 2026 with a growth rate of 50% for FY2022, 25% for FY2023 and 3% for FY2024 to FY2026.

The discount rate applied to cash flow projections is 20% post-tax. Discount rate applied reflects management's estimate of the time value of money and the consolidated entities weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

A terminal rate of 2.4% was used in the value-in-use calculation.

**Sensitivity**

The directors have made judgements and estimates in respect of impairment testing of the Development asset. Should these judgements and estimates not occur, the resulting Development Asset may vary in carrying value.

The points noted below are sensitivities of these estimates:

- › The discount rate would need to increase by more than 2% before the assets would be impaired, with all other assumptions remaining constant.
- › Revenue would need to decrease by \$270,000 annually over the FY2022 to FY2026 period before the assets would be impaired, with all other assumptions remaining constant.

Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying value to exceed its recoverable amount.



**NOTE 15 TRADE AND OTHER PAYABLES**

	2019 \$	2018 \$
<b>UNSECURED LIABILITIES</b>		
Trade payables	112,664	25,309
Other payables	358,936	345,975
Accrual for annual leave	268,060	241,034
Accrual for long service leave	84,160	57,377
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>823,820</b>	<b>669,695</b>

**NOTE 16 PROVISIONS**

	2019 \$	2018 \$
Provision for long service leave	-	22,979
<b>TOTAL PROVISIONS</b>	<b>-</b>	<b>22,979</b>

**NOTE 17 CONTRIBUTED EQUITY**

(a) Share capital	2019 Shares	2018 Shares	2019 \$	2018 \$
<b>FULLY PAID ORDINARY SHARES</b>	<b>133,042,546</b>	<b>103,895,094</b>	<b>14,341,235</b>	<b>11,915,456</b>

## (b) Ordinary share capital

DATE	DETAILS	NOTE	NUMBER OF SHARES	ISSUE PRICE	\$
<b>1 JULY 2017</b>	<b>BALANCE</b>		<b>65,354,580</b>		<b>3,751,364</b>
October 2017	Exercise of options	(g)	2,035,624	\$0.01	20,356
	Exercise of options	(g)	13,000	\$0.02	260
	Exercise of options	(g)	78,648	\$0.04	3,146
	Exercise of options	(g)	3,051,000	\$0.004	12,204
January 2018	IPO shares	(h)	15,000,000	\$0.30	4,500,000
	Conversion of Class A shares	(d)	18,337,744	-	3,860,527
	Exercise of options	(g)	4,166	\$0.01	42
	Exercise of options	(g)	4,000	\$0.02	80
February 2018	Exercise of options	(g)	4,166	\$0.01	42
	Exercise of options	(g)	4,000	\$0.02	80
April 2018	Exercise of options	(g)	4,166	\$0.01	42
	Exercise of options	(g)	4,000	\$0.02	80
	Share issue costs		-		(232,767)
<b>30 JUNE 2018</b>	<b>BALANCE</b>		<b>103,895,094</b>		<b>11,915,456</b>
July 2018	Exercise of options	(g)	697,814	\$0.01	6,978
	Exercise of options	(g)	24,000	\$0.02	480
October 2018	Exercise of options	(g)	16,664	\$0.01	167
	Exercise of options	(g)	16,000	\$0.02	320
	STI settled shares	(i)	717,227	\$0.30	215,168
April 2019	Exercise of options	(g)	1,186,875	\$0.01	11,869
	Exercise of options	(g)	86,000	\$0.02	1,720
	Exercise of options	(g)	49,995	\$0.04	2,000
	Placement shares	(f)	6,071,666	\$0.12	728,600
May 2019	Placement shares	(f)	1,428,335	\$0.12	171,400
June 2019	Placement shares	(e)	18,852,876	\$0.075	1,413,966
	Share issue costs		-		(126,889)
<b>30 JUNE 2019</b>	<b>BALANCE</b>		<b>133,042,546</b>		<b>14,341,235</b>

## (c) Class A shares

DATE	DETAILS	NOTE	NUMBER OF SHARES	ISSUE PRICE	\$
<b>1 JULY 2017</b>	<b>BALANCE</b>		<b>-</b>		<b>-</b>
November 2017	Placement shares		18,337,744	\$0.22	4,034,304
	Share issue costs		-		(173,777)
January 2018	Conversion to ordinary shares		(18,337,744)		(3,860,527)
<b>30 JUNE 2018</b>	<b>BALANCE</b>		<b>-</b>		<b>-</b>

**NOTE 17** CONTRIBUTED EQUITY (CONTINUED)**(d) Issue of Class A shares**

18,337,744 Class A shares were issued to sophisticated investors at an issue price of \$0.22 per Class A share. The Class A shares had the same rights as ordinary shares, however, in the event of an initial public offer of shares in the Company, the Class A shares would convert to ordinary shares, if the IPO issue price is \$0.275 or higher, on a one-for-one basis immediately on the admission of the Company to the official list of the ASX.

**(e) Issue to sophisticated and institutional investors**

The issue of 18,852,876 fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.075 cash.

**(f) Issue to sophisticated investors**

The issue of 7,500,001 fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.12 cash.

**(g) Exercise of options**

The issue of fully paid ordinary shares on the exercise of options.

**(h) Shares issued under prospectus**

The issue of 15,000,000 ordinary shares at an issue price of \$0.30 per share to raise \$4,500,000 cash before expenses of the Offer. All ordinary shares issued pursuant to the Prospectus were issued as fully paid. Transaction costs of \$423,413 were incurred as a result of listing the Company, of which \$232,767 were directly attributable to capital raising and the remainder of \$190,646 has been expensed.

**(i) STI shares issued**

On 29 October 2018 following receipt of shareholder approval at the 2018 AGM, 717,227 shares were issued to R Bromage and J Fong as settlement of their FY2018 STI's.

**(j) Capital Management**

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

The capital structure of the Company includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

**NOTE 18 RESERVES**

	2019 \$	2018 \$
Share-based payment reserve	2,366,641	2,164,992
<b>Movements:</b>		
Balance 1 July 2018	2,164,992	1,075,146
Share based payments expensed	442,850	664,899
Share based payments capitalised	(26,033)	209,779
STI's settled in shares	(215,168)	215,168
<b>BALANCE 30 JUNE 2019</b>	<b>2,366,641</b>	<b>2,164,992</b>

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options.

**NOTE 19 OPERATING SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location where revenue is derived.

Management currently identifies the Group as having only one operating segment, being the development and commercialisation of a cloud-based people management platform in Australasia. All assets and revenue are derived from the one geographical location, being Australia. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

The Group has one customer from which it generates greater than 10% of its revenue. Revenue from this customer was \$59,258 for the year ended 30 June 2019 (2018: four customers \$51,356, \$30,645, \$27,585 and \$20,370).

**NOTE 20 CASH FLOW INFORMATION**

(a) Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities	2019 \$	2018 \$
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>(5,432,113)</b>	<b>(4,679,807)</b>
<b>Adjustments for:</b>		
Share based payments	442,850	880,067
Share issue expenses	-	190,646
Depreciation and amortisation	1,368,333	903,773
Depreciation Right-of-use asset	214,969	-
Profit on sale of plant and equipment	(500)	(490)
Research and development tax incentive	(48,489)	(61,411)
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	14,603	(373,663)
Decrease in other assets	131,546	-
Increase in trade and other payables	99,472	142,391
Increase in provisions	31,675	143,410
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(3,177,654)</b>	<b>(2,855,084)</b>

**CONSOLIDATED**

(b) Cash and cash equivalents shown in the statement of cashflows comprises the following:	Note	2019 \$	2018 \$
Cash and cash equivalents	9	1,956,906	1,713,360
Investments	10	-	3,000,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>1,956,906</b>	<b>4,713,360</b>

(c) Non-cash financing and investing activities	2019 \$	2018 \$
Share based payments capitalised	(26,033)	209,779
Acquisition of Right of Use Asset by means of a lease	3,636,886	-
STI settled in shares	215,168	-

**NOTE 20** CASH FLOW INFORMATION (CONTINUED)

(d) Net debt reconciliation	2019	2018
This section sets out an analysis of net debt, and the movements in net debt for each period presented.	\$	\$
Cash and cash equivalents	1,956,906	4,713,360
Borrowings – repayable within one year	(478,319)	-
Borrowings – repayable after one year	(2,519,820)	-
<b>Net debt</b>	<b>(1,041,233)</b>	<b>4,713,360</b>
Cash and cash equivalents	1,956,906	4,713,360
Gross debt – non-interest bearing	(100,000)	-
Gross debt – fixed interest rates	-	-
Gross debt – variable interest rates	(2,898,139)	-
<b>Net debt</b>	<b>(1,041,233)</b>	<b>4,713,360</b>

	CASH/BANK OVERDRAFT \$	LIABILITIES FROM FINANCING ACTIVITIES		TOTAL \$
		BORROWINGS DUE WITHIN 1 YEAR \$	BORROWING DUE AFTER 1 YEAR \$	
Net debt as at 1 July 2017	1,011,542	-	-	1,011,542
Cashflows	3,701,818	-	-	3,701,818
Other non-cash movements	-	-	-	-
<b>Net debt as at 30 June 2018</b>	<b>4,713,360</b>	<b>-</b>	<b>-</b>	<b>4,713,360</b>
Cashflows	(2,856,454)	138,747	-	(2,717,707)
Lease liability	-	(321,911)	(2,714,975)	(3,036,886)
Loan from related party	100,000	(100,000)	-	-
Other non-cash movements	-	(195,155)	195,155	-
<b>Net debt as at 30 June 2019</b>	<b>1,956,906</b>	<b>(478,319)</b>	<b>(2,519,820)</b>	<b>(1,041,233)</b>

**NOTE 21 SHARE-BASED PAYMENTS****OPTIONS**

The IntelliHR Limited Employee Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns.

Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
<b>OPTIONS OUTSTANDING AS AT 1 JULY 2017</b>	<b>19,367,844</b>	<b>\$0.050</b>
Granted	1,440,000	\$0.10
Forfeited	(84,000)	\$0.04
Exercised	(5,202,770)	\$0.007
Expired	-	-
<b>OPTIONS OUTSTANDING AS AT 30 JUNE 2018</b>	<b>15,521,074</b>	<b>\$0.07</b>
Granted	440,000	\$0.30
Forfeited	(2,818,327)	\$0.06
Exercised	(2,077,348)	\$0.01
Expired	-	-
<b>OPTIONS OUTSTANDING AS AT 30 JUNE 2019</b>	<b>11,065,399</b>	<b>\$0.09</b>

The weighted average share price on the exercise of options was \$0.18 (2018: \$0.14).

No options expired during the periods covered by the above table.

**NOTE 21** SHARE-BASED PAYMENTS (CONTINUED)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 30 JUNE 2019
23/11/2016	01/12/2021	\$0.01	377,778
16/12/2016	01/12/2021	\$0.01	5,313,240
05/01/2017	01/12/2021	\$0.04	298,838
23/11/2016	01/12/2021	\$0.20	3,895,543
01/04/2017	31/03/2022	\$0.04	32,000
11/08/2017	11/08/2022	\$0.02	639,000
27/02/2018	14/02/2023	\$0.32	215,000
30/06/2018	30/06/2023	\$0.30	294,000
<b>TOTAL OF SHARE OPTIONS</b>			<b>11,065,399</b>
Weighted average remaining contractual life of options outstanding at end of period			2.5 years

Details of options issued during the financial year are as follows:

- a. On 30 June 2018, 440,000 share options were granted to employees under the IntelliHR Limited Employee Option Plan to take up ordinary shares. All options issued are exercisable at \$0.30 and expire on 30 June 2023. The options vest as follows:

VESTING DATE	NUMBER
31/12/2018	110,000
31/03/2019	27,500
30/06/2019	27,500
30/09/2019	27,500
31/12/2019	27,500
31/03/2020	27,500
30/06/2020	27,500
30/09/2020	27,500
31/12/2020	27,500
31/03/2021	27,500
30/06/2021	27,500
30/09/2021	27,500
31/12/2021	27,500



**NOTE 21** SHARE-BASED PAYMENTS (CONTINUED)

The options hold no voting or dividend rights and are not transferable.

The fair value of these options was \$217,642. This value was calculated using the Black-Scholes-Merton option pricing model.

**BLACK-SCHOLES-MERTON OPTION PRICING MODEL APPLYING THE FOLLOWING INPUTS:**

Number of options	440,000
Exercise price	\$0.30
Grant date	30/06/2018
Expiry date	30/06/2023
Volatility*	109.9%
Dividend yield	0%
Risk-free interest rate	3.21%
Fair value at grant date	Ranging from \$0.1817 to \$0.2047

b. On 1 July 2018, 734,694 performance rights were granted to an employee under the IntelliHR Limited Performance Rights Plan to take up ordinary shares. All performance rights expire on 1 July 2022.

367,347 of the performance rights have been awarded under the Group's STI program and vest on achievement of mutually agreed KPI's. The other 367,347 performance rights have been awarded under the Group's LTI program and will vest if the relative total shareholder return is measured at or above the 3-year average of the P&S ASX small ordinaries Ex A-REIT Franking Credit Adjusted Total Return Index Cap Index.

The performance rights hold no voting or dividend rights and are not transferable.

The fair value of these performance rights was \$168,979. This value was calculated using a Monte Carlo Simulation option pricing model applying the following inputs:

**MONTE CARLO SIMULATION OPTION PRICING MODEL APPLYING THE FOLLOWING INPUTS:**

Number of performance rights	734,694
Grant date	01/07/2018
Expiry date	01/07/2022
Volatility*	112.13%
Dividend yield	0%
Risk-free interest rate	3.05%
Fair value at grant date	Average of \$0.23

**NOTE 21** SHARE-BASED PAYMENTS (CONTINUED)

c. On 1 November 2018, 500,000 performance rights were granted to an employee under the IntelliHR Limited Performance Rights Plan to take up ordinary shares. All performance rights expire on 1 November 2022.

250,000 of the performance rights have been awarded under the Group's STI program and vest on achievement of mutually agreed KPI's. The other 250,000 performance rights have been awarded under the Group's LTI program and will vest if the relative total shareholder return is measured at or above the 3-year average of the P&S ASX small ordinaries Ex A-REIT Franking Credit Adjusted Total Return Index Cap Index.

The performance rights hold no voting or dividend rights and are not transferable.

The fair value of these performance rights was \$70,000. This value was calculated using a Monte Carlo Simulation option pricing model applying the following inputs:

MONTE CARLO SIMULATION OPTION PRICING MODEL APPLYING THE FOLLOWING INPUTS:

Number of performance rights	500,000
Grant date	01/11/2018
Expiry date	01/11/2022
Volatility*	113.93%
Dividend yield	0%
Risk-free interest rate	3.05%
Fair value at grant date	Average of \$0.14

\*Volatility has been determined by looking at the historical volatility over the same period as the expected life of the option, long term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. The company does not have a reasonable history of share transactions by which to gauge the company's volatility. Due to this fact an average volatility of comparable companies share transactions over the same period of time have been used to calculate an appropriate volatility.

**NOTE 22** EVENTS AFTER THE REPORTING DATE

Since 30 June 2019, and following receipt of Shareholder approval on 5 August 2019, the Company has:

- Issued 21,147,124 ordinary shares at \$0.075 to sophisticated and institutional investors, including 666,666 to Anthony Bellas, the Chairman of the Company;
- Issued 833,333 ordinary shares at \$0.12 to Robert Bromage. The shares were issued following the conversion of the short-term loan received from Robert Bromage (refer Note 23);
- Issued 4,166,666 options over ordinary shares with an exercise price of \$0.30 and expiring 30/04/2021 (including 416,666 to Robert Bromage); and
- Issued 4,166,666 options over ordinary shares with an exercise price of \$0.075 and expiring 09/08/2021 (including 416,666 to Robert Bromage).

No other matters or circumstances have arisen since the end of the financial which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

**NOTE 23 RELATED PARTY TRANSACTIONS****Related Parties**

The Group's main related parties are as follows:

**a. Entities exercising control over the Group**

The company does not have an ultimate controlling entity.

**b. Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

**c. Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

**d. Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2019 \$	2018 \$
<b>OTHER RELATED PARTIES</b>		
<b>Purchase of goods and services:</b>		
A company of which R Bromage is a director provided administration services, office facilities and recruiting services during the year under normal commercial terms and conditions.	58,627	262,886
<b>Sales of goods and services:</b>		
The same company was a customer during the year under normal commercial terms and conditions.	12,154	8,694
<b>LOAN FROM RELATED PARTY</b>	100,000	-

R Bromage, a director, acting as trustee for The Bromage Family Investment Trust, loaned the Group \$100,000 on the 2nd of May 2019. The loan was repaid 3 days after the Extraordinary General Meeting held on the 5th August 2019 when shareholder approval was given to issue 833,333 fully paid ordinary shares with one attaching April Placement Option and one attaching April Placement Bonus Option for every 2 shares issued under the April Placement. Due to the short-term nature of the loan the carrying amount is not materially different to the fair value.

## NOTE 24 CONTINGENT ASSETS AND LIABILITIES

The Group does not have any contingent assets or liabilities as at 30 June 2019.

## NOTE 25 COMMITMENTS

The Group does not have any commitments as at 30 June 2019.

## NOTE 26 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
<b>Financial assets</b>			
Cash and cash equivalents	9	1,956,906	4,713,360
Trade and other receivables	11	71,594	76,029
Cash deposits	10	466,338	50,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,494,838</b>	<b>4,839,389</b>
<b>Financial liabilities</b>			
Trade and other payables	15	471,600	371,284
Loan from a related party	23	100,000	-
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>571,600</b>	<b>371,284</b>

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

### Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted.

Refer to Note 11 for further details on credit risks associated with trade receivables.

**NOTE 26** FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial assets and financial liabilities mature within one year.

**Market risk**

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is not exposed to market risks other than interest rate risk, and foreign exchange risk.

The Group's exposure to foreign currency risk at the 30 June 2019, expressed in Australian dollars, was:

	2019 \$	2018 \$
Trade receivables - US\$	4,347	-

**Cash flow and fair value interest rate risk**

As the Group has interest-bearing cash assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The Group manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2019, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been \$19,569 (2018: \$47,634) lower/higher, as a result of higher/lower interest income from cash and cash equivalents.

**Fair Value**

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short term nature.

# DIRECTORS' DECLARATION

## IN THE DIRECTORS' OPINION:

- (a) the financial statements and notes set out on pages 29 to 69 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving 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
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



A Bellas  
Chairman  
Brisbane, 30 August 2019



Tel: +61 7 3237 5999  
 Fax: +61 7 3221 9227  
 www.bdo.com.au

Level 10, 12 Creek St  
 Brisbane QLD 4000  
 GPO Box 457 Brisbane QLD 4001  
 Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of intelliHR Limited

### Report on the Audit of the Financial Report

#### Opinion

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

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

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

#### Basis for opinion

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

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

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

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**Material uncertainty related to going concern**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Capitalisation of Development Costs**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group capitalises costs incurred in the development of its software, as disclosed in note 14. These costs are then amortised over the estimated useful life of the asset.</p>	<p>Our work on capitalised development costs was focused on the Group's process in determining the projects which should be capitalised and the determination of the appropriate allocation of overhead and payroll costs to be capitalised in accordance with AASB 138.</p>
<p>The capitalisation of development costs was a key audit matter due to the significance of the balance and the judgement involved in assessing whether the criteria set out in AASB 138 <i>Intangible Assets</i> required for capitalisation of such costs have been met and the useful life of the asset is reasonable.</p> <p>The Group's judgements include whether the costs capitalised, including payroll costs, were directly attributable to development projects, rather than related to research or maintenance operations.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>Assessed the nature of a sample of projects against the requirements of AASB 138 to determine if they were capital in nature, including an assessment of whether capitalised costs related to the development phase of the project and the generation of probable future economic benefits.</li> <li>On a sample basis, vouched the payroll costs capitalised to supporting payroll records and assessed the procedures applied by the Group to appropriately record and allocate staff costs to capitalised development expenditure.</li> <li>On a sample basis, vouched overhead costs capitalised to supporting documentation and assessed the procedures applied by the Group to appropriately allocate overhead costs to capitalised development expenditure.</li> <li>Assessing the adequacy of disclosures in the financial statements.</li> </ul>

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#### Impairment of Capitalised Development Costs & Right of Use Asset

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Right of Use Asset (note 13) and Development Costs (note 14) make up a significant portion of the Group's assets.</p> <p>AASB 136 <i>Impairment of Assets</i> requires that finite intangible assets be tested for impairment whenever there is an indication that the intangible assets may be impaired and this assessment requires judgement.</p> <p>The assessment as to whether there are any indicators of impairment requires the consideration of both internal and external sources of information.</p> <p>Given the level of complexity and the judgement exercised by the Group in determining the recoverable amount of the assets, we considered this area to be significant for our audit.</p>	<p>The assets are supported by a value in use calculation. Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the 'Value in Use' model and evaluating management's methodologies and their key assumptions</li> <li>• Assessing management's allocation of assets and liabilities, including corporate assets to CGU's</li> <li>• Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and the underlying cash flows by comparing them to historical results, current contracts, economic and industry forecasts</li> <li>• We reviewed the adequacy of the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.</li> </ul>

#### Early adoption of AASB16 Leases

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Refer to Note 13 Leases.</p> <p>The Group has early adopted the requirements of AASB 16 <i>Leases</i>.</p> <p>The audit of the accounting for leases under AASB16 is a key audit matter due to the significant amount of data required in Management's model for calculating the lease liability and right of use asset, and the judgements necessary in establishing the underlying key assumptions.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Performing tests over the mathematical accuracy of the lease calculation model and underlying calculations</li> <li>• Verifying the accuracy of the underlying lease data by agreeing to lease contracts or other supporting documentation</li> <li>• Assessing the appropriateness of the discount rates applied in determining lease liabilities and other assumptions in respect of lease terms and future lease payments</li> <li>• Assessing the appropriateness of the amortisation policy applied to the right of use asset</li> <li>• Assessing the adequacy of the Group's disclosures.</li> </ul>

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#### Other information

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

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

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

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

#### Responsibilities of the directors for the Financial Report

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

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

#### Auditor's responsibilities for the audit of the Financial Report

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

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## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 23 of the directors' report for the year ended 30 June 2019.

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

### Responsibilities

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

### BDO Audit Pty Ltd

**R M Swaby**  
Director

Brisbane, 30 August 2019

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# SHAREHOLDER INFORMATION

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

## A DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	CLASS OF EQUITY SECURITY
	ORDINARY SHARES
1 - 1,000	7
1,001 - 5,000	64
5,001 - 10,000	61
10,001 - 100,000	406
100,001 and over	187
<b>TOTAL DISTRIBUTION OF EQUITY SECURITIES</b>	<b>725</b>

There were 101 holders of less than a marketable parcel of ordinary shares.

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## B EQUITY SECURITY HOLDERS

### Twenty largest quoted equity security holders

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

NAME	ORDINARY SHARES	
	NUMBER HELD	% OF ISSUED SHARES
Robert Jon Bromage	21,471,075	16.14
Immanuel Developments Pty Ltd	5,166,667	3.88
Mr Jeremy Li-Ming Fong	4,565,820	3.43
K R Khatri (Dental) Pty Ltd	3,425,277	2.57
Intercontinental Pty Limited	2,945,150	2.21
Jd Investments Holding Pty Ltd	2,075,690	1.56
Chatterton Pty Ltd	2,013,744	1.51
Workforce Guardian Pty Ltd	1,917,242	1.44
Kokoris Superannuation Pty	1,851,000	1.39
Marilyn Bromage	1,838,951	1.38
Mr Thomas George Hackett & Mrs Nerida Leith Hackett	1,529,033	1.15
J J N A Super Pty Ltd	1,598,671	1.20
Scott Wiseman	1,592,203	1.20
Mr Richard John Hopsick & Mrs Wendy Laura Hopsick	1,450,424	1.09
Jimlori Pty Limited	1,430,000	1.07
Ag & M Bellas Super Fund Pty Ltd	1,383,678	1.04
O4Nrg Pty Ltd Herbaut	1,316,183	0.99
Helen Dianne Pryor	1,316,183	0.99
Mrs Lori Michele Lowther	1,198,134	0.90
Altor Capital Management Pty Ltd	1,158,621	0.87
Wendy Laura Hopsick	1,103,371	0.83
<b>TOTAL</b>	<b>62,347,117</b>	<b>46.86</b>

### Unquoted equity securities

	NUMBER OF ISSUE	NUMBER OF HOLDERS
Options over ordinary shares	11,065,399	29
Performance rights	1,234,694	2

Holders of more than 20% of unquoted share options on issue

	NUMBER HELD	% OF TOTAL ON ISSUE
Robert Bromage	3,895,543	35.20%

Holders of more than 20% of unquoted performance rights on issue

	NUMBER HELD	% OF TOTAL ON ISSUE
Paul Trappett	734,694	59.50
Glenn Donaldson	500,000	40.50

Restricted equity securities

	NUMBER OF ISSUE	RELEASE DATE
Ordinary shares	43,048,609	23 January 2020

C SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	NUMBER HELD	PERCENTAGE
Ordinary shares		
Robert Bromage	21,471,075	16.14

D VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- (a) 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.
- (b) Performance rights: No voting rights
- (c) Share options: No voting rights

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