IntelliHR Holdings Limited

ACN 600 548 516

Financial report for the year ended 30 June 2015

Corporate directory

Directors	G A J Baynton *M.Econ St, MBA, B.Bus, P.G.Dip. Applied Fin & Inv.* A Bellas *B.Econ, DipEd, MBA, FAICD, FCPA, FAIM* R Bromage *B.Bus, CAHRI* D Duffied *MAICD* J Fong *BInfTech*
Secretary	S M Yeates *CA, B.Bus*
Principal registered office in Australia	Level 14, 410 Queen Street Brisbane QLD 4000
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	McCullough Roberson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 www.mccullough.com.au
Bankers	Commonwealth Bank of Australia
Website address	www.intellihr.com.au

Directors' report

Your directors present their report on the company for the financial year ended 30 June 2015.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Gregory Baynton (Appointed 16 December 2016)
Anthony Bellas (Appointed 16 December 2016)
Robert Bromage
Jamie Duffield (Appointed 16 December 2016)
Jeremy Fong (Appointed 19 October 2016)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to $1,783 (2014: Loss $17,951) .

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company 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 year.

Events Subsequent to the End of the Reporting Period

Since 30 June 2015, the company has raised a further $3.2m through the issue of fully paid ordinary shares.

On 11 January 2017, intelliHR Holdings Limited's ultimate holding company, Resource Partners Pty Ltd, did an in specie distribution to its shareholders, on a pro-rata basis, of its shareholding in intelliHR Limited.

On 13 January 2017 intelliHR Holdings Pty Ltd converted to a public company, intelliHR Holdings Limited.

No other matters or circumstances have arisen since the end of the financial year 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.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

Options

At the date of this report, the Company has on issue 19,478,955 options over ordinary shares on issue. None of these options were issued during the financial year, they have all been issued since the end of the financial year.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 5.

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

R Bromage

Director

Brisbane

7 June 2017

Auditor's independence declaration

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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF INTELLIHR HOLDINGS LIMITED

As lead auditor of intelliHR Holdings Limited for the year ended 30 June 2015, 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 Holdings Limited and the entities it controlled during the period.

D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 7 June 2017

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	2015	2014
		$	$
Revenue			
Revenue from continuing operations	2	11,283	7,732
Other revenue	2	32	-
		11,315	7,732
Expenses			
Depreciation and amortisation		3,334	277
General and administrative expenses		9,764	25,406
Profit before income tax		(1,783)	(17,951)
Tax expense	4	-	-
Profit for the year		(1,783)	(17,951)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,783)	(17,951)
Profit attributable to members of the entity		(1,783)	(17,951)
Total comprehensive income attributable to members of the entity		(1,783)	(17,951)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

	Note	2015	2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	91,579	13,312
Trade and other receivables	8	5,136	15,167
TOTAL CURRENT ASSETS		96,715	28,479
NON-CURRENT ASSETS			
Intangible assets	9	542,654	131,487
TOTAL NON-CURRENT ASSETS		542,654	131,487
TOTAL ASSETS		639,369	159,966
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	67,132	177,916
Provisions	11	11,691	-
TOTAL CURRENT LIABILITIES		78,823	177,916
NON-CURRENT LIABILITIES			
Provisions	11	1,647	-
TOTAL NON-CURRENT LIABILITIES		1,647	-
TOTAL LIABILITIES		80,470	177,916
NET ASSETS		558,899	(17,950)
EQUITY			
Issued capital	12	578,633	1
Retained earnings		(19,734)	(17,951)
TOTAL EQUITY		558,899	(17,950)

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2015

	Note	Issued Capital Ordinary $	Retained Earnings $	Total $
Balance at 1 July 2013		-	-	-
Comprehensive income		-	-	-
Profit for the year		-	(17,951)	(17,951)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the entity		-	(17,951)	(17,951)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued		1	-	1
Total transactions with owners, and other transfers		1	-	1
Balance at 30 June 2014		1	(17,951)	(17,950)
Balance at 1 July 2014		1	(17,951)	(17,950)
Comprehensive income				
Profit for the year		-	(1,783)	(1,783)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the entity		-	(1,783)	(1,783)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued		578,632	-	578,632
Total transactions with owners and other transfers		578,632	-	578,632
Balance at 30 June 2015		578,633	(19,734)	558,899

Statement of cashflows for the year ended 30 June 2015

	Note	2015	2014
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,558	-
Payments to suppliers and employees		(20,271)	(3,327)
Interest received		32	-
Net cash provided by operating activities	16	8,319	(3,327)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Development		(408,848)	(131,764)
Research and development tax incentive refund		48,566	-
Net cash used in investing activities		(360,282)	(131,764)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		224,999	1
Proceeds from loans received from related parties		205,231	148,402
Net cash used in financing activities		430,230	148,403
Net increase in cash held		78,267	13,312
Cash and cash equivalents at beginning of financial year		13,312	-
Cash and cash equivalents at end of financial year	7	91,579	13,312

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2015

The financial statements cover intelliHR Holdings Limited and the entities it controlled during the financial year ended 30 June 2015. intelliHR Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 7 June 2017 by the directors of the company.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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 company 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.

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

Going Concern

The financial statements have 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 statements, the Group achieved a net loss of $1,783 and net operating cash inflows of $8,319 for the period ended 30 June 2015. As at 30 June 2015 the Group has cash of $91,579.

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

- the ability of the Group to successfully raise capital, as and when necessary; and
- 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 following reasons:

- proven ability of the Group to raise the necessary funding via the issuance of shares as evidenced by raising $3.2 Million since 30 June 2015; and
- the planned capital raising and IPO.

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. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of intelliHR Holdings Limited ('Company' or 'Parent Entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. intelliHR Holdings 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.

b. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or 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, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

d. **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 systematic basis matched to the future economic benefits over the useful life of the project.

e. **Employee Benefits**

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

f. **Provisions**

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

g. **Cash and Cash Equivalents**

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

h. **Revenue and Other Income**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

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

i. **Trade and Other Receivables**

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

Trade and other 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(c) for further discussion on the determination of impairment losses.

j. **Trade and Other Payables**

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

l. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

m. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(ii) *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 the it is probably 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 company 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2 REVENUE AND OTHER INCOME

	Note	2015	2014
		$	$
Revenue			
Sales revenue:			
– Software Solution Sales		11,283	7,732
Other revenue:			
– Interest received		32	-
Total revenue		11,315	7,732

NOTE 3 PROFIT FOR THE YEAR

	2015	2014
	$	$
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expense	3,334	277

NOTE 4 TAX EXPENSE

	Note	2015 $	2014 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit/(loss) before income tax expense		(1,783)	(17,951)
Tax at the Australian tax rate of 30% (2014 – 30%)		(535)	(5,385)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-deductible items		1,114	83
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised		(579)	5,302
Income tax expense		-	-
(b) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		58,163	17,673
Potential tax benefit @ 30%		17,449	5,302
(d) Deferred tax assets			
The balance comprises temporary differences attributable to:			
Tax losses		17,449	5,302
Accruals		6,938	1,942
Employee entitlements		4,001	-
Total deferred tax assets		28,388	7,244
Set-off of deferred tax liabilities pursuant to set off provisions:			
Development assets		(21,724)	(1,942)
Net adjustment to deferred tax assets for tax benefits not recognised in profit or loss		(6,664)	(5,302)
Net deferred tax assets		-	-

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 5 KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2015	2014
	$	$
Short-term employee benefits	218,653	-
Post-employment benefits	30,016	-
	248,669	-

Other KMP transactions

For details of other transactions and loans with KMP, refer to Note 14.

NOTE 6 AUDITOR'S REMUNERATION

	2015	2014
	$	$
Remuneration of the auditor:		
– auditing or reviewing the financial report	-	-
– taxation services	-	-
	-	-

NOTE 7 CASH AND CASH EQUIVALENTS

	Note	2015	2014
		$	$
Cash at bank and on hand		91,579	13,312
		91,579	13,312

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2015	2014
Cash at bank and on hand	91,579	13,312
	91,579	13,312

NOTE 8 TRADE AND OTHER RECEIVABLES

	Note	2015	2014
		$	$
CURRENT			
Trade receivables		1,160	8,505
Other receivables		3,976	6,662
Total current trade and other receivables		5,136	15,167

Credit risk

The company has no significant concentration of credit risk with respect to any counterparties or on a geographical basis.

NOTE 9 INTANGIBLE ASSETS

	2015	2014
	$	$
Development Costs		
Cost	546,265	131,764
Accumulated amortisation	(3,611)	(277)
Carrying amount	542,654	131,487

	Development Costs
	$
Reconciliation of the carrying amount	
Year ended 30 June 2014	
Balance at the beginning of the year	-
Additions – internally developed	131,764
Disposals	-
Amortisation charge	(277)
Carrying amount at 30 June 2014	131,487
Year ended 30 June 2015	
Balance at the beginning of the year	131,487
Additions – internally developed	463,067
Research and Development tax incentive	(48,566)
Amortisation charge	(3,334)
Carrying amount at 30 June 2015	542,654

Capitalised development costs represent proprietary knowledge developed internally through the construction of the software platform.

Capitalised development costs have finite useful lives and are amortised on a straight-line basis over three years. The current amortisation charge for development costs is included under depreciation and amortisation expense in the statement of profit or loss.

NOTE 10 TRADE AND OTHER PAYABLES

	Note	2015	2014
		$	$
CURRENT			
Unsecured liabilities:			
Trade payables		19,777	23,040
Sundry payables and accrued expenses		47,355	6,474
Loan from related party		-	148,402
		67,132	177,916

NOTE 11 PROVISIONS

	2015	2014
	$	$
CURRENT		
Employee benefits	11,691	-
Total current provisions	11,691	-
NON-CURRENT		
Employee benefits	1,647	-
Total non-current provisions	1,647	-

	Employee Benefits
	$
Analysis of provisions	
Opening balance at 1 July 2014	-
Additional provisions	16,924
Amounts used	(3,586)
Balance at 30 June 2015	13,338

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 12 ISSUED CAPITAL

	2015	2014
	$	$
3,700,000 (2014:1) fully paid ordinary shares	578,633	1
	578,633	1

		2015	2014	2015	2014
		$	$	No.	No.
a.	**Ordinary shares**				
	At the beginning of the reporting period	1	1	1	1
	Shares issued in lieu of debt	353,633	-	3,000,000	-
	Shares issued for cash	224,999	-	699,999	-
	At the end of the reporting period	578,633	1	3,700,000	1

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. **Capital management**

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 13 CONTINGENT LIABILITIES

At 30 June 2015, intelliHR Holdings Limited did not have any contingent liabilities (30 June 2014: Nil).

NOTE 14 RELATED PARTY TRANSACTIONS

Related Parties

The company's main related parties are as follows:

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

The ultimate parent entity, which exercises control over the company, is Resource Partners Pty Ltd.

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 5.

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.

e. **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:

		Note	2015	2014
			$	**$**
(i)	*Purchase of goods and services*			
	Other related parties:			
	A company of which R Bromage is a director provided administration services and office facilities during the year under normal commercial terms and conditions		165,373	98,357
(iii)	*Trade and other payables*			
	Ultimate parent:			
	Resources Partners Pty Ltd has made no interest loans to the company, unsecured and at call under normal commercial terms and conditions.		-	148,402

NOTE 15 EVENTS AFTER THE REPORTING PERIOD

Since 30 June 2015, the company has raised a further $3.2m through the issue of fully paid ordinary shares.

On 11 January 2017, intelliHR Holdings Limited's ultimate holding company, Resource Partners Pty Ltd, did an in specie distribution to its shareholders, on a pro-rata basis, of its shareholding in intelliHR Limited.

On 13 January 2017 intelliHR Holdings Pty Ltd converted to a public company, intelliHR Holdings Limited.

No other matters or circumstances have arisen since the end of the financial year 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 16 CASH FLOW INFORMATION

		2015	2014
		$	$
a.	**Reconciliation of cash flows from operating activities with profit after income tax**		
	Loss after income tax	(1,783)	(17,951)
	Non-cash flows in loss:		
	– depreciation and amortisation	3,334	277
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– increase in trade and other receivables	10,031	(15,167)
	– increase/(decrease) in trade and other payables	(3,263)	29,514
	Net cash flows from operating activities	8,319	(3,327)

NOTE 17 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 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015	2014
		$	**$**
Financial assets			
Cash and cash equivalents		91,579	13,312
Loans and receivables		5,136	14,908
Total financial assets		96,715	28,220
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables		67,132	23,040
Total financial liabilities		67,132	23,040

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.

a. **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 'AAA' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

b. **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.

c. Cash flow and fair value interest rate risk

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

At 30 June 2015, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $916 lower/higher (2014 – change of 100 bps: $133 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

d. Fair Value

The carrying value of all other assets and liabilities approximate their fair value.

Directors' Declaration

In accordance with a resolution of the directors of intelliHR Holdings Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 6 to 24, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

R Bromage
Director
Brisbane, 7 June 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of IntelliHR Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of IntelliHR Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

BDO

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IntelliHR Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of IntelliHR Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, and successful development and subsequent exploitation of the consolidated entity's software platform. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd

BDO

Damian Wright

D P Wright
Director

Brisbane, 7 June 2017