ANNUAL REPORT 2018

IXUP LIMITED | ABN 85 612 182 368 | 30 JUNE 2018

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The world's most valuable resource is no longer oil, but data.

The Economist

ANNUAL GENERAL MEETING:

The Annual General meeting will be held on 13 November 2018 at 4:00pm AEDT at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

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Your organisation has lots of valuable data which is mined and analysed for business insights. But there is only so much to be learned from the same, isolated data. More can be revealed when your organisation chooses to connect with other parties to enrich your data.

Traditionally, this process has required giving up the control of your data, either by handing it to a partner or using a third party to share many people's data. But sharing data and using third parties is risky, expensive and slow. You can't control your data once it leaves your organisation. You can no longer be 100% certain how it is secured or who has access. And regulatory obligations and privacy concerns restrict the data which can be shared. And, of course, simply anonymising your data limits the ability to achieve deep, personalised insights.

There is a better, safer, and more trusted way to enrich data to reveal its hidden value.

IXUP's secure data collaboration platform allows you to collaborate with other organisations to enrich data, producing previously unattainable insights. Our software environment is a new, secure way to connect data from multiple sources whilst always maintaining control. It lets multiple parties collaborate securely without sharing. Here's how it works.

The IXUP patented software environment uniquely encrypts data. It uses a smart matching technology to identify commonalities and expose the insights in the encrypted data. Each data owner retains control of their own data at all times. From there, visualisation tools can show the insights revealed by the collaboration. IXUP is a software environment, not a service. It uses strong data encryption. There is no third party holding your data. It doesn't share your data.

IXUP's secure data collaboration platform opens the way for innovation. Insights gained through collaboration allow an organisation to make more informed decisions and find a competitive edge in ways that would not have been possible in isolation.

CONTACT US TO UNLOCK THE TRUE VALUE OF YOUR DATA

Click to watch the video

CHAIRMAN'S LETTER

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2018 was a transformative year for IXUP.

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present IXUP Limited's 2018 full year results and Annual Report, our first as a publicly listed company.

IXUP UNLOCKS THE TRUE VALUE OF DATA

IXUP is a data technology platform which enables organisations to securely collaborate to gain rich insights from their valuable data. Unlike less secure, conventional data exchange platforms, IXUP's software uniquely encrypts in a way which means the information does not need to be anonymised to be used. This is a clear differentiator to conventional data exchange platforms. Collaborating personalised information enables superior data analysis, producing more valuable and actionable insights.

A YEAR OF TRANSFORMATION

2018 was a transformative year for IXUP. After investing six years creating and refining this disruptive software platform, founder Dean Joscelyne with his highly committed team, and supported by his existing shareholders, felt the time was right to take IXUP's exceptional technology to market.

To oversee this process, I joined the Board of Directors and also took on the role of Acting CEO. IXUP raised $12.5m as part of a successful, over-subscribed Initial Public Offering (IPO), joining the Australian Securities Exchange (ASX) as a public company in November 2017.

In the first six months post listing, we focused on recruiting a world class team with the skills and experience to successfully take IXUP to market, both locally and globally. These appointments included Chief Financial and Operating Officer David Bonham, and Head of Product Anthony Turco. Our ability to attract such talent is a testament to IXUP's exceptional potential. The credentials of the leadership team can be found on page 8.

With the right people in place, the focus moved to developing an understanding of IXUP's unique capability and benefits in the market. We knew that the commercialisation process would take some time as the technology is new and transformative. We anticipated that potential customers needed to be educated about the benefits of secure data collaboration versus traditional, and risky, data sharing. As a result, we commenced the process of undertaking proofs of concept and innovation pilots with potential clients and partners to demonstrate the value of IXUP's solution.

To that end, the team is making significant headway. The process of commercialisation will take some time but with several Memorandums of Understanding and partnerships underway, progress is positive. The platform has been subject to rigorous testing and use-case development. These partnerships include agreements with global information solutions company Equifax and leading Australian actuarial and insurance consulting firm, Finity. The team continues to build momentum in increasing awareness of IXUP's software in large enterprise and public-sector organisations. The Board is pleased with the progress to date.

Our product development team can be proud of its achievements, most notably with the now regular releases of IXUP's latest generation cloud-deployed platform. Each release provides enhanced capabilities, a richer user experience, and an even more scalable platform.

More recently, we are pleased to have announced the appointment of Peter Leihn as the new Chief Executive Officer. The Board undertook an extensive search to find a CEO with Peter's domain expertise, leadership skills and established industry, government and international connections. The appointment of a full time CEO was always planned to come at a time when business momentum was under way and an outstanding candidate became available. We are confident that Peter has the skills and energy to drive the business forward and look forward to him joining the IXUP team in November 2018.

THANK YOU

On behalf of the Board, I would like to acknowledge and thank the team at IXUP for their focus and commitment during this transformative year.

I would also like to thank Cliff Rosenberg for his insightful guidance and expertise as our independent non-executive director, Andrew Whitten and his team for their outstanding support in our first year as a public company, and Glen Boreham, Nerida Caesar, and Peter Chapman for their strategic counsel as our Advisory Board.

I'd like to further thank IXUP founder and fellow board member Dean Joscelyne. Dean is a talented Australian innovator with a global vision. Dean and his remarkable team invested many years developing and refining this unique software that has built IXUP and created this exciting opportunity for Australian technology.

Most importantly, I would like to thank all of our shareholders for their continued support and patience.

I will not be continuing on the Board after the AGM as I have decided, for important personal reasons, to reduce the extent of my commitments.

There is much to look forward to in 2019 and I am confident the Company has the right leadership in place to take the business forward and drive shareholder value.

Tim Ebbeck
Chairman

58%

OF AUSTRALIANS CHOSE TO AVOID DOING BUSINESS WITH AN ORGANISATION THEY PERCEIVED DIDN'T ADEQUATELY PROTECT CUSTOMER DATA

Source: Australian Community Attitudes to Privacy Survey 2017

+$150 BN USD

GLOBAL REVENUE FROM BIG DATA & BUSINESS ANALYTICS IN 2017

Source: Worldwide Semiannual Big Data and Analytics Spending Guide, International Data Corporation, March 2017

60%

OF ENTERPRISES AGREE FINDING CORRELATIONS ACROSS MULTIPLE DISPARATE DATA SOURCES IS A CHALLENGE

Source: IDG Enterprise Data & Analytics Survey 2016

REGULATORY TAIL WINDS

DECEMBER 2017

Review into Open Banking in Australia – Report Released

22 FEBRUARY 2018

Introduction of the Notifiable Data Breaches scheme

9 MAY 2018

Consumer Data Right – Booklet Published

25 MAY 2018

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

THE LEADERSHIP TEAM

PETER LEIHN
Chief Executive Officer
*from November 2018

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

DEAN JOSCELYNE
Founder & Executive Director

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

DAVID BONHAM
Chief Financial and Operating Officer

David has over 25 years' experience in business spanning various leadership roles. Prior to IXUP, David held the roles of Managing Director of Bupa Dental Corporation, General Manager at the Lynch Group Australia and Finance Manager at Tyco Safety Products.

PAUL COE
Chief Technical Officer

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

ANTHONY TURCO
EVP and Head of Product

Anthony brings over 20 years of technology experience in various leadership roles at large-scale, multi-national software companies and start-ups. Prior to IXUP he held roles at Bigtincan, LetMobile, Novell and TruSecure.

TIM SCOTT
Head of Strategic Engagements

Tim brings vast data industry experience to IXUP, having previously held roles at Oracle, IBM, SAP and Versent. Armed with more than 12 years' experience, Tim has worked in cloud transformation, human capital management and business development.

ROB MILLS
Head of Sales

Rob brings 29 years' experience in sales of class-leading collaboration, information governance, information security, and data sharing solutions. Prior to working at IXUP, Rob was Global Vice President, Connect Solutions for Objective Corporation.

OPERATING AND FINANCIAL REVIEW

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IXUP commercialisation under way.

I am pleased to present the Operating and Financial Review (OFR) for IXUP Limited for the year ended 30 June 2018 (FY18). This OFR is designed to assist shareholders understand IXUP's path to market, business performance and underlying drivers for growth. It complements the financial disclosures in the following Annual Directors Report. The OFR covers the period from 1 July 2017 to 30 June 2018, including the comparative prior period.

CAPITAL RAISE AND IPO

IXUP commenced trading as a public company on the Australian Securities Exchange (ASX) on 15 November 2017. During the Initial Public Offering (IPO), 62,500,00 shares were issued at a price of $0.20, raising $12,500 000. The IPO received strong support from retail and strategic investors, alongside several high-quality, institutional investors.

The funds are being used to further develop the IXUP technology platform, build out the team and successfully commercialise the business.

FINANCIAL RESULTS

Revenue declined 22% year on year to $120,000 (2017: $153,695) as the Company concentrated on the capital raising process and IPO and shifted the focus from providing some professional services to customers, to the further development and optimisation of the IXUP technology platform.

The loss from operations after providing for income tax amounted to $8,679,456 (30 June 2017: $2,993,668 loss).

As illustrated in Table 1, there are three year on year exceptional items contributing to this movement.

Adjusting for one-off, exceptional items, the underlying loss was $5,267,250 (2017: $4,141,799 loss).

As at 30 June 2018, IXUP reported a total cash and term deposits balance of $7,628,483 ($1,576,127 and $6,052,356 respectively).

Table 1 shows underlying loss after one-off adjustments

YEAR ON YEAR OPERATING LOSS COMPARISON	2018	2017
	$	$
Loss from Ordinary Activities after Income Tax	(8,679,455)	(2,993,668)
Adjusting for one-off, exceptional items:		
A. Gain recognised on debt forgiveness (note 5)	-	(1,148,131)
B. Share based payments expense (note 31)	(3,875,180)	-
C. Income tax benefit	(462,974)	-
Underlying Loss	**(5,267,250)**	**(4,141,799)**

The underlying loss increase of $1,125,451 almost entirely reflects the increase in people costs as the Company invested in its leadership team, software development and commercialisation efforts.

Excluding one-off items, operating expenses grew by 27% to $5,477,109 (2017: $4,300,312).

Employee benefit expenses increased 32%, reflecting the sales team build out and key additions to the IXUP leadership team.

Administrative costs increased 28%, due to the company's focus on development and commercialisation, with the key movements in administrative expense categories as below:

Accounting and audit	$58,033
Advertising and promotion	$70,703
Investor relations	$80,359
Software licenses	$63,839
Travel and accommodation	$68,979

Depreciation and software amortisation increased by 14%, an increase of $64,213 on the prior year, largely relating to new computer equipment ($18,938) and office furniture for the renovation of the Parramatta development hub ($38,000).

Cost of sales increased to $148,935 off a negligible base (2017: $20,562), reflecting the start of commercialisation as the Company's activities transitioned from software development to software sales, including robust partnership testing expenses.

Occupancy costs remained stable at $230,169, representing the cost of leasing both IXUP's head office in Sydney and development hub in Parramatta.

Finance costs fell 93% as the Company converted debt (and associated costs) into equity as part of the IPO process.

Table 2 outlines operating expenses and their composition.

OPERATING EXPENSES	2018	2017	V FY17
	$	$	
Cost of sales	148,935	20,562	624%
Employee benefits expense	2,957,975	2,249,131	32%
Share-based payments	3,875,180	-	-
Occupancy costs	230,169	213,185	8%
Administrative costs	1,544,042	1,206,956	28%
Depreciation and amortisation expense	590,058	526,205	12%
Finance costs	5,930	84,273	(93%)
Total Operating Expenses	**9,352,289**	**4,300,312**	**117%**

Total operating expenses related to research and development and included in our R&D tax incentive claim equated to $1.3 million (2017: $1.1 million).

A PIVOTAL YEAR

2018 was a pivotal year for IXUP. The Company went from private to public, successfully developed its latest generation software, recruited a world class leadership team and began the process of building momentum in the enterprise software market.

SOFTWARE DEVELOPMENT

In the latter part of the year, IXUP formally released to market the latest generation of its cloud-deployed, secure data collaboration platform. This release includes enhanced capabilities such as a streamlined user experience, simplified multi-party data collaborations, and Application Programming Interfaces (APIs) to enhance data ingestion and automation capabilities. With the release of v3.1, IXUP terminated support for previous versions of the product including that used by Westpac. As previously announced, the Westpac agreement was extended by 6 months from January 2018 and has now ended.

TEAM BUILD OUT

In the first six months post IPO, and in the second half of the financial year, the Board set about building a world class team. I was appointed as CFO in March 2018 and took on the additional role of COO in July 2018. I was attracted to IXUP's prospects as a young Australian tech start up with a unique and global technology that has the potential to redefine the way organisations collaborate with data for better business outcomes.

Tim Scott joined the business in January 2018 as Head of Strategic Engagements, bringing deep industry experience from previous roles at Oracle, IBM and SAP and is responsible for all strategic partnerships, including with Microsoft. In February 2018, Rob Mills commenced as Head of Sales, leveraging his deep experience in sales of class-leading collaboration and data sharing tools. Head of Product Anthony Turco joined the leadership team in May 2018. Previously at Bigtincan, Anthony is recognised as a technology innovator, with extensive expertise in data and security, cloud and integration.

Post period end, we were delighted to announce the appointment of incoming CEO Peter Leihn. Peter is an outstanding executive with more than 25 years' experience in senior technology roles. He joins IXUP from Data61, the Australian Government CSIRO data and technology innovator, where he led the commercialisation of Data61's world leading capabilities in data research.

Along with Chief Technology Officer Paul Coe and founder and Board director Dean Joscelyne, IXUP now has an exceptional team of talented and driven professionals who are committed to taking IXUP to the global stage. Further information regarding the leadership team can be found on page 8.

With a view to retaining these key employees, we are recommending a refreshed employee share option plan (ESOP), which streamlines the process for issuance and acceptance and provides the Board additional discretion. The proposal to replace the current ESOP with a new plan will be tabled in the Notice of Annual General Meeting in early October and is subject to shareholder approval at the AGM, on 13 November.

We were also delighted to have ex Veda CEO Nerida Caesar join Glen Boreham and Peter Chapman on the Advisory Board in January 2018. The Advisory Board provides IXUP with an extensive technology network and functions as a strategic sounding board for the Company. The biographies of members of the Advisory Board can be found on our investor website.

On behalf of the IXUP leadership team, I would like to take this opportunity to thank Tim Ebbeck for his hard work as Acting CEO, taking IXUP successfully through the IPO process and overseeing the recruitment of a world class team.

TECH HUB UPGRADE

During the year, IXUP invested in upgrading its Parramatta software development hub, creating a collaborative and agile environment for our team of software engineers. The upgrade ensures IXUP will continue to attract and retain software development talent based in the geographic heart of Sydney. The total upgrade cost $111,269, of which $38,080 was recognised as an expense via depreciation, and the remaining $73,189 leasehold improvements will be depreciated across the remaining term of the lease until December 2020.

BUSINESS MODEL AND STRATEGY

IXUP revenue is generated via software licence subscription fees paid quarterly or annually, in advance. Annual subscription fees are expected to range from $180,000 to more than $1,000,000 and will vary depending on the complexity of the collaboration and number of participants to be considered.

Partners are vital for IXUP, providing a more cost effective and faster way of reaching its global target markets. Partners, such as Finity and Equifax, will increase brand awareness and open the door to business opportunities.

Through collaboration with potential clients and partners, IXUP's strategy is to demonstrate the unique value of our secure and disruptive platform.

IXUP is pursuing both organic and strategic partnership opportunities, particularly in the financial and health-care sectors.

COMMERCIALISATION UNDERWAY

Following the latest generation release of IXUP's cloud-based technology platform in the second half of the year, the leadership team steadily expanded the pipeline to further build momentum into the commercialisation process.

After the completion of successful testing, Finity moved into the monetisation stage and now pays IXUP a quarterly software licence subscription fee. Finity launched its latest collaboration platform, powered by IXUP, to its existing and prospective client base in September 2018.

Data aggregator Equifax signed a piloting and partnership agreement with IXUP at the end of the financial year, following robust testing of the IXUP platform and its ability to deliver secure data and trusted collaborations. The 12-month partnership agreement provides Equifax access to IXUP's unique technology platform to undertake pilots of new and innovative solutions which can be taken to market and monetised. IXUP is working closely with Equifax to identify collaboration opportunities and expects to update the market in due course.

The Company also signed several, non-binding Memorandums of Understanding in the latter stages of the second half which are progressing well.

OUTLOOK

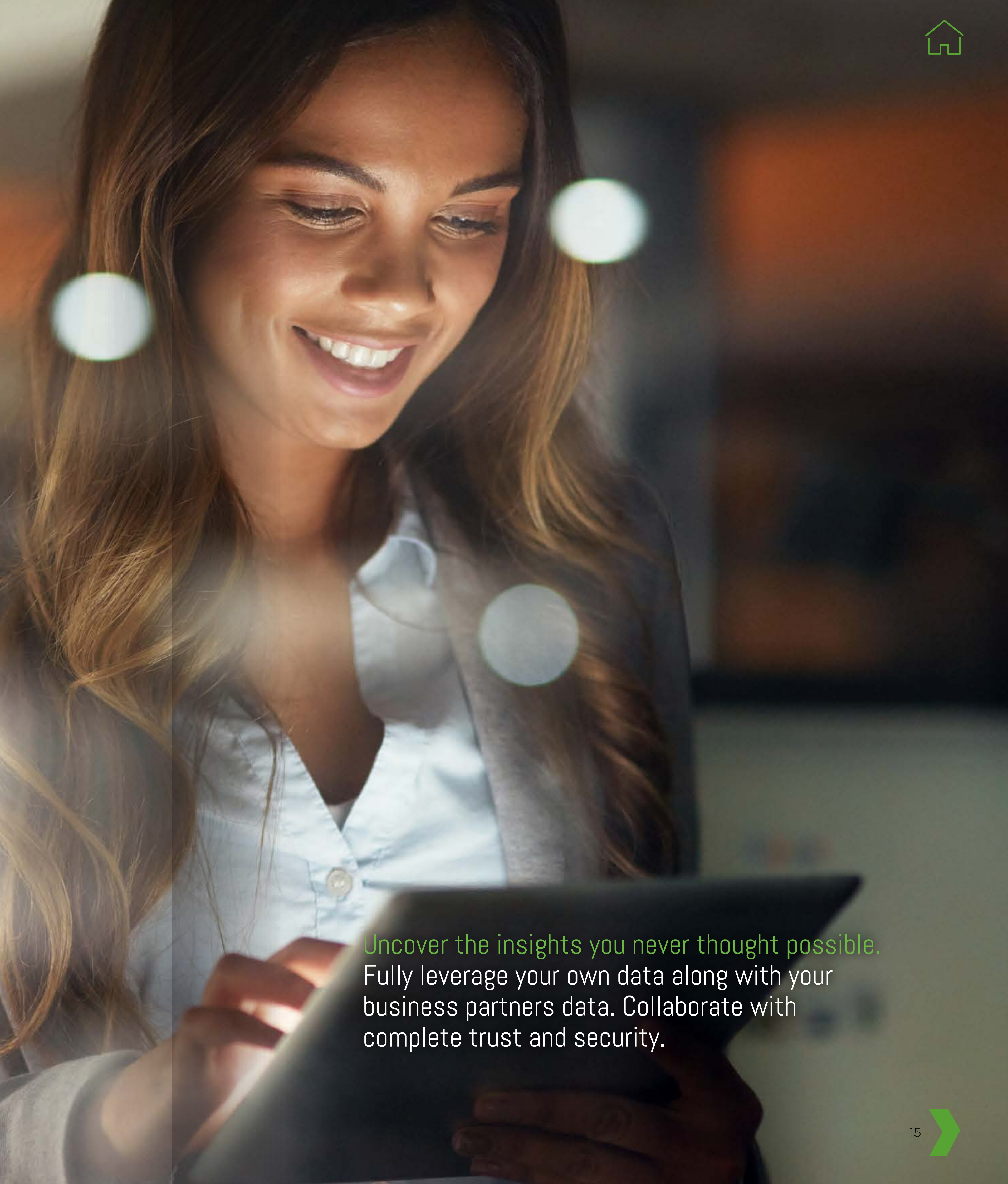
IXUP owns a unique and patented technology which has the potential to set the global standard in data collaboration software. IXUP's growth potential is supported by favourable regulatory tail winds and the growing global call to better utilise, and learn from, the vast amounts of data now at the world's disposal.

We have been consistent in our message that building momentum in the enterprise market takes time and focus and are pleased with IXUP's progress to date. We anticipate a period of rapid activity during financial year 2019.

David Bonham
Chief Financial & Operating Officer

CORPORATE DIRECTORY

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



Uncover the insights you never thought possible.
Fully leverage your own data along with your business partners data. Collaborate with complete trust and security.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of IXUP Limited (referred to hereafter as the 'Company', 'parent entity' or 'IXUP') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

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

Tim Ebbeck - Chairman and Acting Chief Executive Officer (CEO) (Appointed 29 September 2017)

Dean Joscelyne - Executive Director

Cliff Rosenberg - Non-Executive Director (Appointed 29 September 2017)

Marc Goldman - Executive Director (Appointed 1 September 2017; Resigned 29 September 2017)

Rhona Marks - Executive Director (Resigned 29 September 2017)

DIVIDENDS

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

RESULT OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $8,679,456 (30 June 2017: $2,993,668).

REVIEW OF OPERATIONS

The operations of IXUP throughout the year were focused on the ongoing development of its software, the capital raising process to fund the commercialisation of the Company's technology, and the commencement of the commercialisation process as well as developing the human resources within the Company.

SOFTWARE DEVELOPMENT AND COMMERCIALISATION

IXUP has now formally released to market the latest generation of its cloud-deployed, secure data collaboration platform.

Commercialisation of the platform is progressing in line with management's expectations with several non-binding Memorandums of Understanding (MoUs) signed with potential users of the IXUP platform.

An MoU signed with Equifax Australia has progressed into the first piloting stage post year end utilising IXUP's latest generation platform. The 12-month collaborative agreement is designed to enrich the data collaboration experience for Equifax and showcase the unique value of IXUP's secure, disruptive technology within the data collaboration market.

BUILDING THE IXUP TEAM

Key management appointments have been made during the year and continue to be made subsequent to year end building the IXUP high-performing team. In April 2018, IXUP announced the appointment of technology innovator Anthony Turco as Head of Product. Key management also work closely with the Advisory Board of Glen Boreham, Peter Chapman and Nerida Caesar, in this pivotal moment in the Company's growth story.

SUCCESSFUL ASX LISTING

During the year, IXUP raised $12,665,150 ($11,383,698 net of fees) including completing its initial public offering (IPO) via the issue of 62,500,000 shares at an issue price of $0.20 to raise $12,500,000. The offer closed heavily over-subscribed and received strong support from high net-worth, retail and institutional investors. The Company was admitted to the Official List of the Australian Securities Exchange (ASX) and commencement of trading occurred on 15 November 2017.

FINANCIAL POSITION

As at 30 June 2018, IXUP reported a total cash and term deposits balance of $7,628,483 ($1,576,127 and $6,052,356 respectively).

The Australian Tax Office approved an R&D tax incentive claim relating to FY17 of $462,974 with $300,342 of this received in cash before 30 June 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 15 November 2017, the Company was admitted to the official list of the ASX. There were no other significant changes in the state of affairs of the company during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 12 July 2018, David Bonham extended his role of Chief Financial Officer to also encompass the role of Chief Operating Officer. He replaces the former COO, Marc Goldman, who left the Company on 6 July 2018.

On 13 July 2018, at the request of Dean Joscelyne, 1,000,000 of his plan options were cancelled (originally issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expiring 14 November 2022). Any remaining expense in relation to these options will be recognised in the financial year ending 30 June 2019.

On 6 September 2018, the Company announced the appointment of Peter Leihn as Chief Executive Officer of the Company. Peter will commence his role in early November.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth State or Territory law.

INFORMATION ON DIRECTORS

NAME	Tim Ebbeck (Appointed 29 September 2017)
TITLE:	Chairman and Acting CEO
EXPERIENCE AND EXPERTISE: 	Tim has over 30 years' experience in business in a range of roles and industries including the technology industry. Tim provides internal and external advice to companies on transformation, innovation and growth. Previously, Tim was Managing Director of Oracle in Australia and New Zealand, and Chief Commercial Officer of NBN Co, where he led the first strategic review of the NBN in 2013. Prior to NBN Co he was Chief Executive Officer of SAP in Australia and New Zealand. He is also a former Chief Financial Officer of SAP, Compaq, and Unisys and Investment Director in the venture capital industry. Tim has twice been a member of the Business Council of Australia (BCA) and its innovation and Sustainable Growth Taskforces and an inaugural BCA Women "CSuite" Mentor. Tim holds a Bachelor of Economics degree, has completed a management program at INSEAD, is a Fellow of CPA Australia, a Fellow of the Australian Institute of Management and a Graduate Member of the Australian Institute of Company Directors.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nvoi Limited (Director) (28/6/16 – 31/8/17)
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	1,250,000
INTERESTS IN RIGHTS:	3,000,000

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

INFORMATION ON DIRECTORS

NAME	Cliff Rosenberg (Appointed 29 September 2017)
TITLE:	Non-Executive Director
EXPERIENCE AND EXPERTISE: 	Cliff has spent more than 20 years working at digital companies leading innovation and change in the industry both as an entrepreneur and senior executive. Cliff was a senior executive and the Managing Director of LinkedIn for South East Asia, Australia and New Zealand for over 7 years where he led the expansion of LinkedIn in this region. Prior to LinkedIn, Cliff was Managing Director at Yahoo Australia and New Zealand, and previously the founder and Managing Director of iTouch Australia and New Zealand, one of the biggest mobile content and application service providers in Australia. Prior to iTouch Cliff was the head of strategy for Vodafone Australasia. Cliff has a Bachelor of Business Science (Honours) degree and a Master of Science in Management and is a Member of the Australia Institute of Company Directors.
OTHER CURRENT DIRECTORSHIPS:	Non-Executive Director of ASX listed companies Afterpay Touch Group Limited (appointed 30/3/17), Nearmap Limited (appointed 3/7/12), Cabcharge Australia Limited (appointed 29/8/17), and Pureprofile Ltd (appointed 12/6/15).
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	500,000
INTERESTS IN RIGHTS:	1,250,000

NAME	Marc Goldman
TITLE:	Executive Director (1 Sept 2017 to 29 Sept 2017) and Chief Operating Officer to 6 July 2018
EXPERIENCE AND EXPERTISE:	Marc is an enterprise software executive specialising in the e-health and life science industry.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	4,500,000
INTERESTS IN OPTIONS:	5,200,000

INFORMATION ON DIRECTORS

NAME	Rhona Marks
TITLE:	Executive Director (Resigned 29 Sept 2017)
EXPERIENCE AND EXPERTISE:	Currently a senior Developer with the IXUP Group and director to 29 September 2017, Rhona is a long-term member of the IXUP team, with particular expertise in software development.
OTHER CURRENT DIRECTORSHIPS:	Nil
FORMER DIRECTORSHIPS (LAST 3 YEARS):	Nil
INTERESTS IN SHARES:	Nil
INTERESTS IN OPTIONS:	1,000,000

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

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY (JOINTLY-HELD)

Andrew Whitten (appointed 30 November 2017)

Andrew is an admitted solicitor and an Executive Director of the Automic Group of Companies, Australia's only professional service provider that delivers a complete and integrated ecosystem of Registry, Company Secretarial, Legal, CFO and Accounting services.

Andrew is currently the company secretary for a number of publicly listed companies. He has been involved in numerous corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers over two decades.

Andrew holds a Bachelor of Arts (Economics, UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law, UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that institute.

David Bonham (appointed 12 April 2018)

David is Chief Financial Officer (CFO) and Chief Operating Officer (COO) of IXUP in addition to his role as joint Company Secretary of the Company. He is a qualified accountant and brings extensive experience in financial management, business development, strategic planning and project management.

He is a member of CPA Australia and holds a Bachelor of Business in Accounting from Western Sydney University, and an MBA from Deakin University.

Dean Joscelyne resigned as Company Secretary on 15 July 2017.

Scott Mison held the position of Company Secretary between 15 July 2017 and 30 November 2017.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	FULL BOARD	
	ATTENDED	**HELD**
Tim Ebbeck	6	6
Dean Joscelyne	6	6
Cliff Rosenberg	6	6

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

No directors' meetings were held during the period that Rhona Marks and Marc Goldman were in office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

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

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Principles used to determine the nature and amount of remuneration

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

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

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

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

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

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

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

NON-EXECUTIVE DIRECTOR'S REMUNERATION

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

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

EXECUTIVE REMUNERATION

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

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business performance and comparable market remunerations.

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

The short-term incentives ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of IXUP Limited:

- Tim Ebbeck - Chairman (and Acting CEO) (Appointed 29 September 2017)
- Dean Joscelyne - Executive Director
- Cliff Rosenberg - Non-Executive Director (Appointed 29 September 2017)
- Marc Goldman - Executive Director (Appointed 1 September 2017; Resigned 29 September 2017) and Chief Operating Officer (Resigned 6 July 2018)
- Rhona Marks - Executive Director (Resigned 29 September 2017)

And the following person:

- David Bonham - CFO (Appointed CFO 12 March 2018 and appointed COO 12 July 2018)

Changes since the end of the reporting period:

On 13 July 2018, at the request of Dean Joscelyne, 1,000,000 of his plan options were cancelled (originally issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expiring 14 November 2022). Any remaining expense in relation to these options will be recognised in the financial year ending 30 June 2019.

On 6 September 2018, the Company announced the appointment of Peter Leihn as Chief Executive Officer of the Company. Peter will commence his role in early November 2018. Tim Ebbeck will work with Peter through an orderly transition of the CEO role.

David Bonham was appointed as Chief Operating Officer in addition to his role as Chief Financial Officer on 12 July 2018.

Marc Goldman resigned as the Chief Operating Officer of the Company on 6 July 2018.

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED	TOTAL
2018	**$**	**$**	**$**	**$**	**$**	**$**	**$**
NON-EXECUTIVE DIRECTORS:							
CLIFF ROSENBERG**	37,500	–	–	–	–	97,981	135,481
EXECUTIVE DIRECTORS:							
TIM EBBECK**	269,565	–	–	–	–	238,009	507,574
DEAN JOSCELYNE	260,000	–	66,625	24,700	–	2,728,274	3,079,599
MARC GOLDMAN*	252,527	50,000	–	28,740	–	502,274	833,541
RHONA MARKS*	34,463	–	–	3,274	–	57,074	94,811
OTHER KEY MANAGEMENT PERSONNEL:							
DAVID BONHAM***	82,841	–	–	7,870	–	–	90,711
	936,896	**50,000**	**66,625**	**64,584**	**–**	**3,623,612**	**4,741,717**

* Rhona Marks and Marc Goldman resigned as directors on 29 September 2017.
** Tim Ebbeck and Cliff Rosenberg were appointed as directors on 29 September 2017.
*** David Bonham was appointed as Chief Financial Officer on 12 March 2018.

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED	TOTAL
2017	**$**	**$**	**$**	**$**	**$**	**$**	**$**
EXECUTIVE DIRECTORS:							
DEAN JOSCELYNE	130,000	–	–	12,350	–	–	142,350
MARC GOLDMAN*	125,000	–	–	11,875	–	–	136,875
RHONA MARKS	127,854	–	–	12,146	–	–	140,000
	382,854	**–**	**–**	**36,371**	**–**	**–**	**419,225**

* Marc Goldman was an executive director from 1 September 2017 to 29 September 2017. Remuneration disclosed above is for the entire period relating to his role as Chief Operating Officer and a member of Key Management Personnel for the entire year.

THE PROPORTION OF REMUNERATION LINKED TO PERFORMANCE AND THE FIXED PROPORTION ARE AS FOLLOWS:

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
NAME	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
NON-EXECUTIVE DIRECTORS:						
CLIFF ROSENBERG	28%	–	–	–	72%	–
EXECUTIVE DIRECTORS:						
TIM EBBECK	53%	–	–	–	47%	–
DEAN JOSCELYNE	8%	100%	–	–	92%	–
MARC GOLDMAN	34%	100%	6%	–	60%	–
RHONA MARKS	100%	100%	–	–	–	–
OTHER KEY MANAGEMENT PERSONNEL:						
DAVID BONHAM	100%	–	–	–	–	–

SERVICE AGREEMENTS

NAME	Tim Ebbeck
TERM OF AGREEMENT:	The principal terms of Tim Ebbeck's current agreement are as follows: (i) A fee of $200,000 per annum (inclusive of GST) for consultancy services for a fixed term until 30 April; (ii) As from 1 May 2018 the Company will pay: (a) $250,000 per annum to the Consultant for services as the Acting CEO (ceased effective 30 September 2018); and (b) $110,000 per annum for role as Company Chairman. (iii) The Company will make a short-term incentive payment of up to $100,000 in relation to the period 1 January 2018 to 31 December 2018 inclusive. Payment will be made on successful delivery of key performance indicators.
NAME	Dean Joscelyne
AGREEMENT COMMENCED:	The principal terms of Dean Joscelyne's current agreement are as follows: (i) A base salary of $260,000 per annum (exclusive of statutory superannuation). (ii) A bonus of 13% of the base salary at the Company's discretion. (iii) Entitlement to participate in employee and executive incentive plans and the Company may provide additional bonus and incentives. Mr Joscelyne has been granted 1,000,000 Plan Options pursuant to the Option Plan. These have since been cancelled at Mr Joscelyne's request as announced to the market on 13 July 2018. (iv) The agreement has no fixed term and may be terminated: (A) by either party without cause with 12 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (v) Other industry standard provisions for a senior executive of a public listed company.

SERVICE AGREEMENTS

NAME	David Bonham
TERM OF AGREEMENT:	The principal terms of the current agreement for Mr Bonham are as follows: (i) A base salary of $320,000 per annum (exclusive of statutory superannuation). (ii) A performance bonus of $25,000 for the successful completion of the first year's trading post listing measured by cash burn being on-budget and successful conclusion of AGM. (iii) A bonus of 30% of the base salary at the Company's discretion is subject to approval and criteria as agreed. (iv) Entitlement to participate in employee and executive incentive plans and the Company may provide additional bonus and incentives. Mr Bonham has been granted 1,750,000 Plan Options pursuant to the Option Plan. (v) The agreement has no fixed term and may be terminated: (A) by either party without cause with 10 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (vi) Other industry standard provisions for a senior executive of a public listed company.
NAME	Marc Goldman
AGREEMENT COMMENCED:	Principal terms of the agreement with Mr Goldman before his resignation on 6 July 2018 were as follows: (i) A base salary of $250,000 per annum (exclusive of statutory superannuation). (ii) A performance bonus of $50,000 payable upon the Company's Share being admitted to the Official List of the ASX and a bonus of 12% of the base salary at the Company's discretion. (iii) Entitlement to participate in employee and executive incentive plans and the Company may provide additional bonus and incentives. Mr Goldman has been granted 1,000,000 Plan Options pursuant to the Option Plan. (iv) The agreement has no fixed term and may be terminated: (A) by either party without cause with 10 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice; or (B) by the Company with immediate effect following serious breach of the agreement or for serious misconduct. (v) Other industry standard provisions for a senior executive of a public listed company.

Key management personnel has no entitlement to termination payments in the event of removal for misconduct.

The Constitution of the Company provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders or, until so, by the Directors. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed $500,000 per annum. The Board has resolved that the Non-Executive Directors' fees will be $60,000 per annum for Non-Executive Directors (inclusive of statutory superannuation) and an additional $10,000 per annum (inclusive of statutory superannuation) for each Board committee that they participate in commencing on Official Quotation. Cliff Rosenberg is a Non-Executive Director.

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options over equity instruments

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

- Dean Joscelyne was issued 25,200,000 unlisted options on 1 September 2017. The option holder is entitled to purchase one fully-paid share in the Company for $0.25 per option over the 5-year life of the option to 14 November 2022. In addition, Dean was issued 1,000,000 plan options (issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022). These plan options were cancelled on 13 July 2018 at Mr Joscelyne's request.
- Tim Ebbeck was issued 1,250,000 plan options (issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).
- Cliff Rosenberg was issued 500,000 plan options (issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).
- Marc Goldman was issued 4,200,000 unlisted options on 1 September 2017. The option holder is entitled to purchase one fully-paid share in the Company for $0.25 per option over the 5-year life of the option to 14 November 2022. In addition, Marc was issued 1,000,000 plan options (issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).
- Rhona Marks was issued 1,000,000 plan options (issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expire 14 November 2022).

Performance rights

Performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018 are as follows:

- Tim Ebbeck issued 3,000,000 performance rights on 15 November 2017 (1,000,000 unlisted and unvested Class A performance rights; 1,000,000 unlisted and unvested Class B - performance rights; 1,000,000 unlisted and unvested Class C performance rights)
- Cliff Rosenberg issued 1,250,000 performance rights on 15 November 2017 (416,667, unlisted and unvested Class A performance rights.; 416,667 unlisted and unvested Class B performance rights; 416,666 unlisted and unvested Class C performance rights)

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the four years to 30 June 2018 are summarised below:

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

The factors that are considered to affect total shareholders return ('TSR') are summarised below:				
SHARE PRICE AT FINANCIAL YEAR END ($)	0.28	–	–	–
BASIC EARNINGS PER SHARE (CENTS PER SHARE)	(7.04)	(6.62)	(7.30)	–

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	ADDITIONS	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
ORDINARY SHARES					
DEAN JOSCELYNE*	25,500,001	–	_	–	25,500,001
MARC GOLDMAN**	4,500,000	–	–	–	4,500,000
	30,000,001	**–**	**–**	**–**	**30,000,001**

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

** Marc Goldman holds his interests in shares indirectly through JJG Group Pty Ltd. Marc resigned on 29 September 2017 as Executive Director and on 6 July 2018 as Chief Operating Officer.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
OPTIONS OVER ORDINARY SHARES					
TIM EBBECK	-	1,250,000	-	-	1,250,000
DEAN JOSCELYNE	-	26,200,000	-	-	26,200,000
CLIFF ROSENBERG	-	500,000	-	-	500,000
MARC GOLDMAN	-	5,200,000	-	-	5,200,000
RHONA MARKS	–	1,000,000	-	-	1,000,000
	26,000,000	**34,150,000**	-	-	**34,150,000**

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

** Marc Goldman holds his interests in options indirectly through JJG Group Pty Ltd. Marc resigned on 29 September 2017 as Executive Director and on 6 July 2018 as Chief Operating Officer.

Performance rights

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

	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
PERFORMANCE RIGHTS					
TIM EBBECK	-	3,000,000	-	-	3,000,000
CLIFF ROSENBERG	-	1,250,000	-	-	1,250,000
	–	**4,250,000**	-	-	**4,250,000**

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

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

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
1 September 2017	14 November 2022	$0.25	30,600,000
1 September 2017	14 November 2022	$0.25	10,826,470
1 September 2017	14 November 2022	$0.25	2,000,000
15 November 2017	14 November 2022	$0.25	15,000,000
15 November 2017	14 November 2022	$0.25	4,070,000
			62,496,470

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

SHARES UNDER PERFORMANCE RIGHTS

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

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER RIGHTS
15 November 2017	14 November 2022	$0	5,250,000

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of IXUP issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

There were no ordinary shares of IXUP Limited issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDITOR

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

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

On behalf of the directors

Tim Ebbeck
Chairman
28 September 2018

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

Conley Manifis
Director
Dated this 28th day of September, 2018

CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

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South Perth WA 6951

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williambuck.com

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GENERAL INFORMATION

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

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

Lot 10, Level 3
7 Bridge Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2018. The directors have the power to amend and reissue the financial statements.

CORPORATE GOVERNANCE STATEMENT

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		CONSOLIDATED	
	NOTE	2018	2017
REVENUE	4	120,000	153,695
Cost of sales		(148,935)	(20,562)
GROSS (LOSS)/PROFIT		(28,935)	133,133
Other income	5	89,859	4,818
Employee benefits expense	6	(2,957,975)	(2,249,131)
Share-based payments	31	(3,875,180)	-
Occupancy costs	6	(230,169)	(213,185)
Administrative costs	6	(1,544,042)	(1,206,956)
Depreciation and amortisation expense		(590,058)	(526,205)
Finance costs		(5,930)	(84,273)
Gain recognised on debt forgiveness	5	-	1,148,131
LOSS BEFORE INCOME TAX BENEFIT		(9,142,430)	(2,993,668)
Income tax benefit	7	462,974	-
LOSS AFTER INCOME TAX BENEFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF IXUP LIMITED	18	(8,679,456)	(2,993,668)
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF IXUP LIMITED		(8,679,456)	(2,993,668)
		Cents	**Cents**
Basic earnings per share	30	(7.04)	(6.62)
Diluted earnings per share	30	(7.04)	(6.62)

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

STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED	
	NOTE	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,576,127	1,396,756
Other receivables	9	291,772	17,402
Other financial assets	10	6,052,356	-
Other assets		9,823	-
Total current assets		7,930,078	1,414,158
NON-CURRENT ASSETS			
Property, plant and equipment	11	73,189	-
Intangibles	12	520,244	1,037,531
Total non-current assets		593,433	1,037,531
TOTAL ASSETS		8,523,511	2,451,689
LIABILITIES			
CURRENT LIABILITIES		-	-
Trade and other payables	13	589,080	1,384,786
Borrowings	14	-	3,142,274
Provisions	15	230,422	125,892
Total current liabilities		819,502	4,652,952
TOTAL LIABILITIES		819,502	4,652,952
NET ASSETS/(LIABILITIES)		7,704,009	(2,201,263)
EQUITY			
Issued capital	16	16,038,325	3,413,927
Reserves	17	7,799,992	1,839,662
Accumulated losses	18	(16,134,308)	(7,454,852)
TOTAL EQUITY/(DEFICIENCY)		7,704,009	(2,201,263)

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

STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL DEFICIENCY IN EQUITY
CONSOLIDATED	$	$	$	$
Balance at 1 July 2016	3,413,926	1,839,662	(4,461,184)	792,404
Loss after income tax expense for the year	-	-	(2,993,668)	(2,993,668)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,993,668)	(2,993,668)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	1	-	-	1
Balance at 30 June 2017	3,413,927	1,839,662	(7,454,852)	(2,201,263)

	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
CONSOLIDATED	$	$	$	$
Balance at 1 July 2017	3,413,927	1,839,662	(7,454,852)	(2,201,263)
Loss after income tax benefit for the year	-	-	(8,679,456)	(8,679,456)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(8,679,456)	(8,679,456)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	11,383,548	-	-	11,383,548
Share-based payments (note 31)	-	3,875,180	-	3,875,180
Issue of shares on conversion of convertible notes	2,500,000	-	-	2,500,000
Issue of shares on conversion of loans	826,000	-	-	826,000
Issue of options as part of capital raising	(2,085,150)	2,085,150	-	-
Balance at 30 June 2018	16,038,325	7,799,992	(16,134,308)	7,704,009

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

STATEMENT OF CASH FLOWS

		CONSOLIDATED	
	NOTE	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		148,500	270,496
Payments to suppliers and employees		(5,547,026)	(2,872,425)
Tax R&D benefit received		300,342	425,781
		(5,098,184)	(2,176,148)
Interest received		58,200	-
Net cash used in operating activities	28	(5,039,984)	(2,176,148)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	11	(88,348)	(5,080)
Payments for intangibles	12	-	(19,644)
Payments for investments in term deposits		(7,552,356)	-
Proceeds from investments in term deposits		1,500,000	-
Net cash used in investing activities		(6,140,704)	(24,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	16	12,665,150	1
Proceeds from borrowings		-	3,558,517
Share issue transaction costs		(1,555,091)	-
Proceeds from issue of convertible notes		250,000	-
Net cash from financing activities		11,360,059	3,558,518
NET INCREASE IN CASH AND CASH EQUIVALENTS		179,371	1,357,646
Cash and cash equivalents at the beginning of the financial year		1,396,756	39,110
Cash and cash equivalents at the end of the financial year	8	1,576,127	1,396,756

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

GOING CONCERN

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

The consolidated entity has incurred a loss of $8,679,456 (2017: $2,993,668) and experienced net cash outflows from operating and investing activities of $11,180,688 (2017: $2,200,872). As at 30 June 2018, the consolidated entity had cash and cash equivalents of $1,576,127 (2017: $1,396,756) as well as cash on deposit of $6,052,356.

The directors believe that it is appropriate to prepare the financial report on a going concern basis.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Critical accounting estimates

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

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

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

FOREIGN CURRENCIES

In preparing the financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

REVENUE RECOGNITION

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured, then revenue is recognised to the extent of expenses recognised that are recoverable.

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound Instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Trade payables are unsecured and usually paid within 30 days of recognition.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating

NOTES TO THE FINANCIAL STATEMENTS

interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period the directors determine whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The following useful lives are used in the calculation of depreciation:

- Leasehold improvements – aligned to the lease term, expiring 31 December 2020 — 2.5 years
- Computer equipment — 2 years
- Office equipment — 4 years

INTANGIBLE ASSETS

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

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

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

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

- Software — 3.33 years
- Trademarks and other intangibles — 8 years

PROVISIONS

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, when it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

Short-term employee benefits

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

Share-based payments

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

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

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

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

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

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

SHARE-BASED PAYMENTS ARRANGEMENTS

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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

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

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

CURRENT TAX

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

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

DEFERRED TAX

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

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

INVESTMENT ALLOWANCES AND SIMILAR TAX INCENTIVES

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The directors have determined that adoption of this standard is unlikely to have any material impact.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. 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 those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The directors have assessed that the adoption of this standard will not have a material impact on the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is considered to be minimal.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

RECOVERABILITY OF INTERNALLY GENERATED INTANGIBLE ASSET

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible asset arising from its software development, which is included in the consolidated statement of financial position at 30 June 2018 with a carrying amount of $0.52 million (30 June 2017: $1.04 million).

The development continues to progress in a satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues. Sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of computer equipment should be shortened, due to developments in technology.

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors have directed the Chief Financial Officer of the Company to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Chief Financial Officer reports the findings to the directors every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

NOTE 3. OPERATING SEGMENTS

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

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

NOTE 4. REVENUE

	CONSOLIDATED	
	2018 $	2017 $
Software revenues	120,000	153,695

NOTE 5. OTHER INCOME

	CONSOLIDATED	
	2018 $	2017 $
FBT Reimbursements	-	2,107
Interest income	89,859	872
Other income	-	1,839
Other income	89,859	4,818

	CONSOLIDATED	
	2018 $	2017 $
Gain recognised on debt forgiveness	-	1,148,131

On 31 May 2017, the director and shareholder, Dean Joscelyne, and related entities forgave an amount of $1.1m.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. EXPENSES

	CONSOLIDATED	
	2018 $	2017 $
Loss before income tax includes the following specific expenses:		
COST OF SALES		
Cost of sales	148,935	20,562
DEPRECIATION AND AMORTISATION		
Depreciation and amortisation	590,058	526,205
ADMINISTRATIVE COSTS		
Professional adviser and legal costs	701,383	622,847
Consulting costs paid to entities related to the directors	307,065	281,142
Recruitment costs	84,042	127,651
Advertising and promotion	121,507	50,804
Travel and accommodation	111,511	42,532
Software licenses	89,225	25,386
Other	129,309	56,594
	1,544,042	1,206,956
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	2,481,101	1,986,715
Superannuation costs	246,003	181,850
Other employee benefits	230,871	80,566
	2,957,975	2,249,131
OCCUPANCY COSTS		
Rent	182,166	172,252
Other occupancy costs	48,003	40,933
	230,169	213,185
FINANCE COSTS		
Interest costs	5,930	84,273
SHARE-BASED PAYMENTS EXPENSE		
Share-based payments expense	3,875,180	-

NOTE 7. INCOME TAX BENEFIT

	CONSOLIDATED	
	2018 $	2017 $
NUMERICAL RECONCILIATION OF INCOME TAX BENEFIT AND TAX AT THE STATUTORY RATE		
Loss before income tax benefit	(9,142,430)	(2,993,668)
Tax at the statutory tax rate of 27.5%	(2,514,168)	(823,259)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	1,065,674	-
Gain recognised on debt forgiveness	-	(315,736)
Entertainment expenses	2,782	2,153
	(1,445,712)	(1,136,842)
Current year temporary differences not recognised	983,192	1,136,842
Income tax benefit	(462,974)	-

	CONSOLIDATED	
	2018 $	2017 $
TAX LOSSES NOT RECOGNISED		
Unused tax losses for which no deferred tax asset has been recognised	5,419,007	1,295,630
Potential tax benefit @ 27.5%	1,490,227	356,298

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2018 $	2017 $
Cash at bank	1,076,127	696,756
Term deposits	500,000	700,000
	1,576,127	1,396,756

NOTE 9. CURRENT ASSETS - OTHER RECEIVABLES

	CONSOLIDATED	
	2018 $	2017 $
R&D tax rebate receivable	162,632	-
Interest receivable	30,586	-
GST	98,554	17,402
	291,772	17,402

NOTE 10. CURRENT ASSETS - OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2018 $	2017 $
Term deposits	6,052,356	-

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

NOTE 11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2018 $	2017 $
Leasehold improvements - at cost	73,269	-
Less: Accumulated depreciation	(80)	-
	73,189	-
Computer equipment - at cost	48,165	25,407
Less: Accumulated depreciation	(48,165)	(25,407)
	-	-
Office equipment - at cost	71,297	27,723
Less: Accumulated depreciation	(71,297)	(27,723)
	-	-
	73,189	-

RECONCILIATIONS

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

	LEASEHOLD IMPROVEMENTS	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	TOTAL
CONSOLIDATED	$	$	$	$
Balance at 1 July 2016	-	-	-	-
Balance at 30 June 2017	-	-	-	-
Additions	73,269	23,118	43,574	139,961
Depreciation expense	(80)	(23,118)	(43,574)	(66,772)
Balance at 30 June 2018	73,189	-	-	73,189

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. NON-CURRENT ASSETS - INTANGIBLES

	CONSOLIDATED	
	2018 $	2017 $
Development - at cost	1,731,909	1,731,909
Less: Accumulated amortisation	(1,252,724)	(735,374)
	479,185	996,535
Intellectual property - at cost	53,113	47,113
Less: Accumulated amortisation	(12,054)	(6,117)
	41,059	40,996
	520,244	1,037,531

RECONCILIATIONS

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

	DEVELOPMENT	INTELLECTUAL PROPERTY	TOTAL
CONSOLIDATED	$	$	$
Balance at 1 July 2016	1,513,885	25,127	1,539,012
Additions	-	19,643	19,643
Amortisation expense	(517,350)	(3,774)	(521,124)
Balance at 30 June 2017	996,535	40,996	1,037,531
Additions	-	6,000	6,000
Amortisation expense	(517,350)	(5,937)	(523,287)
Balance at 30 June 2018	479,185	41,059	520,244

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

Accumulated depreciation of this software totalled $1,252,724, giving net written down value of $479,185 at financial year end.

The Company knows of no events or circumstances that indicate this carrying value may not be recoverable.

The Company is currently involved in several comprehensive and progressive negotiations with various business and government enterprises to undertake proof-of-concepts (POCs), pilots and eventual commercial arrangements which will lead to the use and payment of ongoing license fees for the IXUP software solution. Upon commercialisation, current modelling indicates expected average revenue of between $15,000-$60,000 per specific purpose collaboration per month, with target agreement lengths of circa 24 months.

This pricing has been socialised with current prospects and has been generally accepted as payable once POCs and Pilots have been proven out. It is expected that these commercialisation efforts will be revenue generating at some point in the financial year ending 30 June 2019 and thereafter. These efforts will add to the current contract revenue with Finity.

Consequently, the Company is confident that future revenue cash flows across the coming two financial years (FY2019-2020) support the current net carrying value of its Intangible Assets.

NOTE 13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2018 $	2017 $
Trade payables	255,091	855,860
Accrued expenses	72,971	8,203
PAYG withholding payable	114,148	-
Superannuation payable	76,827	27,477
Trade payables due to related parties	46,902	399,007
Amounts payable to former employees	-	90,243
Other payables	23,141	3,996
	589,080	1,384,786

Refer to note 20 for further information on financial instruments.

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

NOTE 14. CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2018 $	2017 $
Convertible notes payable (i)	-	2,250,000
Loans from other entities (ii)	-	892,274
	-	3,142,274

Refer to note 20 for further information on financial instruments.

Explanatory notes

Note (i): Convertible Note issued by the IXUP Group. The convertible note was fully converted into fully-paid ordinary shares in the Company in the current year. During the year ended 30 June 2018, further $250,000 had been raised by Cygnet for the IXUP Group in the form of an increase in the amount of this Convertible Note (refer Note 16).

Note (ii): Unsecured at-call amounts repayable to other entities. During the year ended 30 June 2018, the IXUP Group converted borrowings totalling $826,000 into fully-paid ordinary shares in the Company.

NOTE 15. CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED	
	2018 $	2017 $
Annual leave	230,422	86,115
Legal claims	-	20,459
Other	-	19,318
	230,422	125,892

NOTE 16. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	2018	2017	2018	2017
		SHARES	$	$
Ordinary shares - fully paid	158,443,751	64,750,001	16,038,325	3,413,927

DETAILS	DATE	SHARES	$
Balance	1 July 2016	1	1
Issued for purchase of assets		50,000,000	513,926
New equity raised		14,750,000	2,950,000
Share issue costs		-	(50,000)
Balance	30 June 2017	64,750,001	3,413,927
Issue of shares	1 September 2017	1,031,250	165,000
Conversion of loans	4 September 2017	5,162,500	826,000
Conversion of loans	15 November 2017	25,000,000	2,500,000
IPO issue of shares	15 November 2017	62,500,000	12,500,000
Share issue costs		-	(3,366,602)
Balance	30 June 2018	158,443,751	16,038,325

Options (Refer to note 31 for further information on Options)

DETAILS	DATE	OPTIONS	$
Balance	1 July 2016	-	-
Balance	30 June 2017	-	-
Issue of plan options to employees and directors	15 November 2017	7,070,000	-
Issue of unlisted options	1 September 2017	30,600,000	-
Issue of unlisted plan options to Cygnet Capital	15 November 2017	15,000,000	-
Conversion of warrants held by Asia Principal Capital	1 September 2017	10,826,470	-
Balance	30 June 2018	63,496,470	-

Performance Rights (Refer to note 31 for further information on Performance Rights)

DETAILS	DATE	PERFORMANCE RIGHTS	
Balance	1 July 2016	-	-
Balance	30 June 2017	-	-
Issue of performance rights to directors and advisory board members	15 November 2017	5,250,000	-
Balance	30 June 2018	5,250,000	-

ORDINARY SHARES

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

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

CAPITAL RISK MANAGEMENT

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

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

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

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

NOTE 17. EQUITY - RESERVES

	CONSOLIDATED	
	2018 $	2017 $
Equity-settled reserves	1,839,662	1,839,662
Options reserve	5,960,330	-
	7,799,992	1,839,662

EQUITY-SETTLED RESERVE

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

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

OPTIONS RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS

MOVEMENTS IN RESERVES

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

	EQUITY-SETTLED RESERVE	OPTIONS RESERVE	TOTAL
CONSOLIDATED	$	$	$
Balance at 1 July 2016	1,839,662	-	1,839,662
Balance at 30 June 2017	1,839,662	-	1,839,662
Issue of options as part of capital raising	-	2,085,150	2,085,150
Share based payments	-	3,875,180	3,875,180
Balance at 30 June 2018	1,839,662	5,960,330	7,799,992

NOTE 18. EQUITY - ACCUMULATED LOSSES

	CONSOLIDATED	
	2018 $	2017 $
Accumulated losses at the beginning of the financial year	(7,454,852)	(4,461,184)
Loss after income tax benefit for the year	(8,679,456)	(2,993,668)
Accumulated losses at the end of the financial year	(16,134,308)	(7,454,852)

NOTE 19. EQUITY - DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

	CONSOLIDATED	
	2018 $	2017 $
FINANCIAL ASSETS		
Cash and cash equivalents	1,576,127	1,396,756
Other receivables and other assets	301,595	17,402
Other financial assets	6,052,356	-
	7,930,078	1,414,158
FINANCIAL LIABILITIES		
Trade and other payables	589,080	1,384,786
Borrowings	-	3,142,274
	589,080	4,527,060

NOTE 20. (CONTINUED) FINANCIAL INSTRUMENTS

MARKET RISK

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash held on term deposit.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's:

- loss for the year ended 30 June 2018 would decrease/increase by $76,285 (2017: decrease/ increase by $13,968). This is mainly attributable to the Group's exposure to interest rates on its cash and cash equivalents and other financial assets; and
- equity as at 30 June 2018 would decrease/increase by $76,285 (2017: decrease/increase by $13,968), mainly as a result of the Group's exposure to interest rates on its cash and cash equivalents and other financial assets.

CREDIT RISK

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

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

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

LIQUIDITY RISK

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

Remaining contractual maturities

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. (CONTINUED) FINANCIAL INSTRUMENTS

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

	WEIGHTED AVERAGE INTEREST RATE	1 YEAR OR LESS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	REMAINING CONTRACTUAL MATURITIES
CONSOLIDATED - 2018	%	$	$	$	$	$
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-	855,860	-	-	-	855,860
Other payables	-	528,926	-	-	-	528,926
Borrowings	-	3,142,274	-	-	-	3,142,274
Provisions	-	125,892	-	-	-	125,892
Total non-derivatives	-	4,652,952	-	-	-	4,652,952

The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The consolidated entity does not expect these payments to eventuate.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of net cash (borrowings as detailed in note 14 offset by cash as detailed in notes 8 and 10) and equity (detailed in note 16). As at reporting date, the Group had net assets of $7,704,009 (2017 net liabilities: $2,201,263) and equity of $16,038,325 (2017: $3,413,927).

NOTE 21. KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

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

Tim Ebbeck	Chairman and Acting Chief Executive Officer (CEO) (Appointed 29 September 2017)
Dean Joscelyne	Executive Director
Cliff Rosenberg	Non-Executive Director (Appointed 29 September 2017)
Marc Goldman	Executive Director (Appointed 1 September 2017 and resigned 29 September 2017) and Chief Operating Officer to 6 July 2018
Rhona Marks	Executive Director (resigned 29 September 2017)

Other key management personnel

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

David Bonham Chief Financial Officer as from 12 March 2018 and Chief Operating Officer as from 12 July 2018

COMPENSATION

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

	CONSOLIDATED	
	2018 $	2017 $
Short-term employee benefits	1,053,521	382,854
Post-employment benefits	64,584	36,371
Share-based payments	3,623,612	-
	4,741,717	419,225

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22. REMUNERATION OF AUDITORS

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

	CONSOLIDATED	
	2018 $	2017 $
AUDIT SERVICES - WILLIAM BUCK AUDIT (WA) PTY LTD		
Audit or review of the financial statements	36,000	10,000
OTHER SERVICES - WILLIAM BUCK CONSULTING (WA) PTY LTD		
Preparation of an Investigating Accountant's Report	10,565	-
	46,565	10,000

NOTE 23. COMMITMENTS

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

	CONSOLIDATED	
	2018 $	2017 $
LEASE COMMITMENTS - OPERATING		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	214,454	81,600
One to five years	327,776	-
	542,230	81,600

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

NOTE 24. RELATED PARTY TRANSACTIONS

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

PARENT ENTITY

IXUP Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 26.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

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

Mr Marc Goldman was formerly a director of Cloud2pt0 Group Pty Ltd.

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

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

NOTE 24. (CONTINUED) REMUNERATION OF AUDITORS

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

	CONSOLIDATED	
	2018 $	2017 $
PAYMENT FOR GOODS AND SERVICES:		
Payment to Destria Pty Ltd for consulting and office services	-	179,929
Payment to Cloud2pt0 Group Pty Ltd for consulting services	-	107,461
Payment to Rosenberg Trading Pty Ltd for consulting services	41,250	-
Payment to Ebbeck Family Trust t/as Ebbeck TIG Consulting for consulting services	296,522	-
Payment to YDCJ Pty Ltd atf YDCJ Unit Trust as landlord for company premises	162,133	134,331
Payment to Mr Dean Joscelyne as landlord for company premise and office services	72,465	54,027

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2018 $	2017 $
AMOUNTS OWED TO RELATED PARTIES:		
Destria Pty Ltd	-	144,427
YDCJ Pty Ltd atf YDCJ Unit Trust	26,786	193,318
Mr Dean Joscelyne	14,616	61,262
Rosenberg Trading Pty Ltd	5,500	-

LOANS TO/FROM RELATED PARTIES

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

TERMS AND CONDITIONS

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

NOTE 25. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	PARENT	
	2018 $	2017 $
Loss after income tax	(716,693)	(500)
Total comprehensive loss	(716,693)	(500)

STATEMENT OF FINANCIAL POSITION

	PARENT	
	2018 $	2017 $
Total current assets	10,571,376	24
Total assets	19,315,784	5,253,612
Total current liabilities	(70,170)	523
Total liabilities	(70,170)	523
EQUITY		
Issued capital	16,038,325	3,413,927
Equity-settled reserves	7,799,662	1,839,662
Accumulated losses	(4,592,373)	(500)
Total equity	19,245,614	5,253,089

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2018. As at 30 June 2017 there was a $50,000 incentive payment to Mr Marc Goldman payable after completion of the Initial Public Offering (IPO).

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 26. INTERESTS IN SUBSIDIARIES

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

			OWNERSHIP INTEREST	
NAME	PRINCIPAL ACTIVITY	PRINCIPAL PLACE OF BUSINESS /COUNTRY OF INCORPORATION	2018 %	2017 %
IXUP Operations Pty Ltd	Development and sales of software	Australia	100%	100%
IXUP IP Pty Ltd	Holder of intangible assets	Australia	100%	100%

NOTE 27. EVENTS AFTER THE REPORTING PERIOD

On 12 July 2018, David Bonham extended his role of Chief Financial Officer to also encompass the role of Chief Operating Officer. He replaces the former COO, Marc Goldman, who left the Company on 6 July 2018.

On 13 July 2018, at the request of Dean Joscelyne, 1,000,000 of his plan options were cancelled (originally issued 15 November 2017, unlisted and unvested, exercisable at $0.25 per option, expiring 14 November 2022). Any remaining expense in relation to these options will be recognised in the financial year ending 30 June 2019.

On 6 September 2018, the Company announced the appointment of Peter Leihn as Chief Executive Officer of the Company. Peter will commence his role in early November 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 28. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	CONSOLIDATED	
	2018 $	2017 $
Loss after income tax benefit for the year	(8,679,456)	(2,993,668)
ADJUSTMENTS FOR:		
Depreciation and amortisation	590,058	526,205
Share-based payments	3,875,180	-
Gain on debt forgiveness	-	(1,148,131)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in other receivables and other assets	(121,561)	111,983
(Increase)/decrease in Tax R&D benefit receivable	(162,632)	425,781
Increase/(decrease) in trade and other payables	(646,103)	837,272
Increase/(decrease) in provisions	104,530	64,410
NET CASH USED IN OPERATING ACTIVITIES	(5,039,984)	(2,176,148)

NOTE 29. NON-CASH INVESTING AND FINANCING ACTIVITIES

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

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

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

NOTE 30. EARNINGS PER SHARE

	CONSOLIDATED	
	2018 $	2017 $
Loss after income tax attributable to the owners of IXUP Limited	(8,679,456)	(2,993,668)
	CENTS	CENTS
Basic earnings per share	(7.04)	(6.62)
Diluted earnings per share	(7.04)	(6.62)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	123,223,237	45,236,302
Weighted average number of ordinary shares used in calculating diluted earnings per share	123,223,237	45,236,302

There were no potential ordinary shares which were anti-dilutive and were therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

NOTE 31. SHARE-BASED PAYMENTS AND PERFORMANCE RIGHTS

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 31. (CONTINUED) SHARE-BASED PAYMENTS AND PERFORMANCE RIGHTS

The weighted average exercise share price during the financial year was $0.25 (2017: nil).
The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.5 years (2017: nil).

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

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

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

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

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
01/09/2017	14/11/2022	$0.16	$0.25	95.00%	-	2.25%	$0.106
15/11/2017	14/11/2022	$0.20	$0.25	95.00%	-	2.25%	$0.139
15/11/2017	14/11/2022	$0.20	$0.25	90.00%	-	2.30%	$0.134

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

For the performance rights granted during the current financial year, the fair value was equivalent to the share price at grant date, as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE
15/11/2017	14/11/2022	$0.20	$0.25

DIRECTORS' DECLARATION

In the directors' opinion:

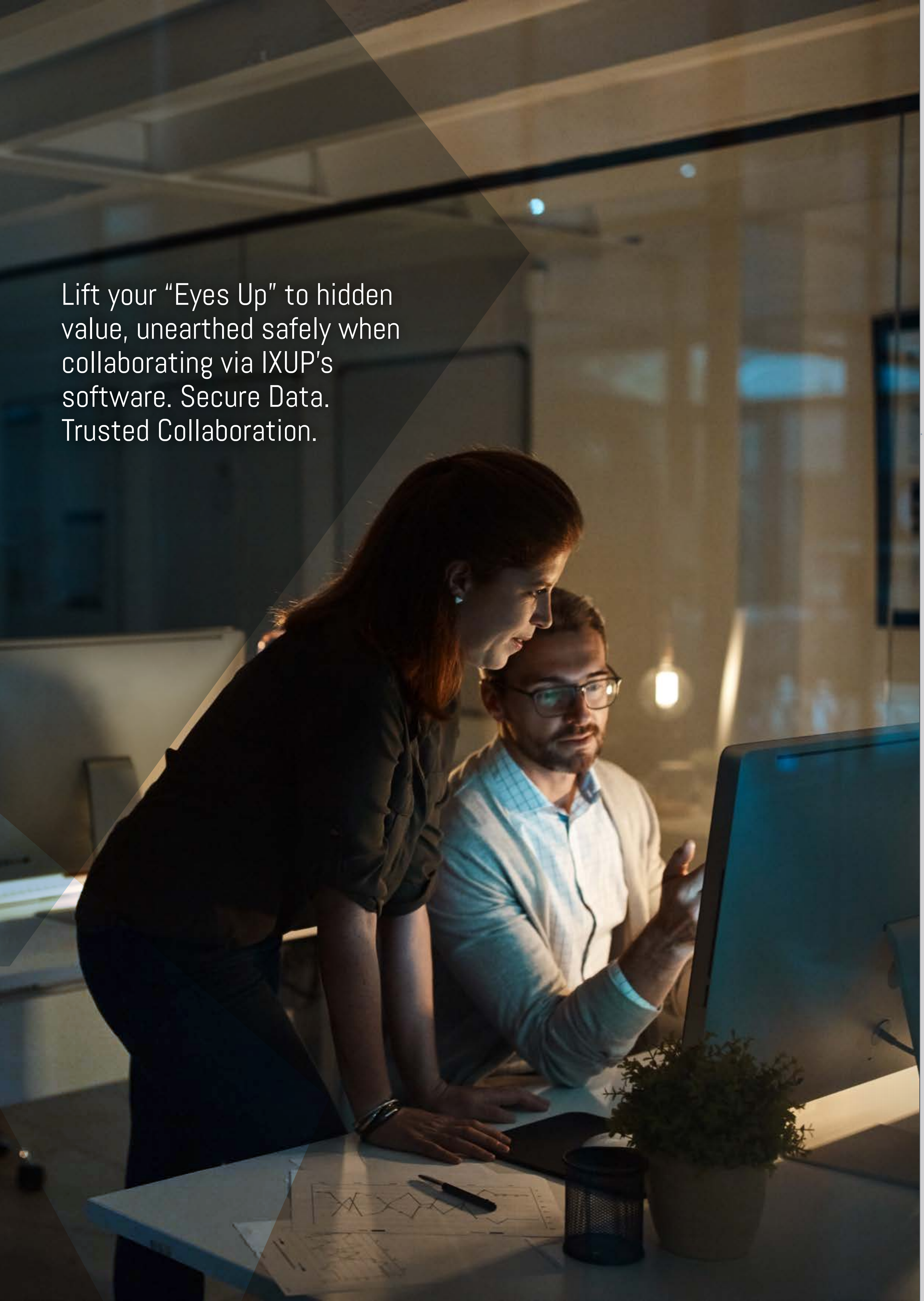
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Tim Ebbeck
Chairman
28 September 2018



IXUP Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IXUP Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

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

CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

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Key Audit Matters

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

RELATED PARTY TRANSACTIONS

Area of focus **Refer also to Remuneration Report on pages 21 to 27 and Note 24**	**How our audit addressed it**
There have been numerous related party transactions with entities where key management personnel of the Group have interests and/or are directors. As, such, there is a risk that not all related party transactions are disclosed in the financial report or that related party transactions have been made on non-arm's length basis. This could result in insufficient information being provided in order to enable the reader to understand the nature and effect of the various related party relationships and transactions.	Our audit procedures included: — Comparing the list of related parties provided by the directors with internal and external sources. — Conducting an ASIC search for external directorships held by the board members and key management personnel to evaluate whether all related party relationships and transactions had been appropriately identified and disclosed. — Assessing whether related party transactions were conducted at arm's length by comparing the basis of the transactions to external sources. For each class of related party transaction, we compared the financial statement disclosures against the underlying transactions and the accounting and *Corporations Act 2001* requirements.

VALUATION OF INTANGIBLE ASSETS

Area of focus **Refer also to Notes 1 and 12**	**How our audit addressed it**
The Group has $520,244 of identifiable intangible assets including: — Development costs of $479,185 — Intellectual property of $41,059 The carrying values of the identifiable intangible assets are contingent on future cash flows and there is a risk that, if these cash flows do not meet the Group's expectations, the assets might be impaired. The recoverable amount of each cash generating unit (CGU) has been calculated based on value-in-use. These recoverable amounts use discounted cash flow forecasts in which the directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — a detailed evaluation of the Group's budgeting procedures (upon which the forecasts are based). — testing the principles and integrity of the discounted future cash flow models. We tested the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the board approved forecasts, data external to the Group and our own views. — we reviewed the historical accuracy by comparing actual results with the original forecasts. We assessed the adequacy of the Group's disclosures in respect of the transactions.

SHARE BASED PAYMENTS

Area of focus **Refer also to Remuneration Report on pages 21 to 27 and Note 31**	**How our audit addressed it**
The group has entered into several share-based payment arrangements during the year, including: — The issue of plan options to directors and employees that included performance, contribution and service conditions — The issue of unlisted options to directors, advisory board members and advisors — The issue of unlisted options to external parties on conversion of warrants — The issue of performance rights to directors and advisory board members that included performance and service conditions Each of these arrangements required significant judgments and estimations by management, including the following: — The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the company as at that grant date; — The evaluation of the vesting charge taken to the profit or loss in-respect of the accrual of service and performance conditions attached to those share-based payment arrangements; and — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. The results of these share-based payment arrangements materially affect the disclosures.	Our audit procedures included: Evaluating the fair values of share-based payment arrangements by agreeing assumptions to third party evidence. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements. In evaluating the progress of the vesting of share-based payments with performance milestones, we evaluated the directors' assessment of the likely success or failure of achieving those milestones. In assessing the vesting of service conditions, we considered that the expensing of each share-based payment tranche granted to the arrangement's beneficiaries, evenly over the term of the tranche to be the most appropriate. For the specific application of the Black Scholes model, we assessed the experience of the external expert used to advise the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values. We considered that the forecast volatility applied in the model to be appropriately reasonable and within industry norms. We also reconciled the vesting of these share-based payment arrangements to disclosures made in both the key management personnel compensation note and the disclosures in the Remuneration Report.

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 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 27 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of IXUP Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

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

Conley Manifis
Director
Dated this 28th day of September, 2018

The shareholder information set out below was applicable as at 26 September 2018.

DISTRIBUTION OF EQUITABLE SECURITIES

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

	NUMBER OF HOLDERS OF ORDINARY SHARES	NUMBER OF HOLDERS OF OPTIONS OVER ORDINARY SHARES
1 to 1,000	23,935	-
1,001 to 5,000	599,384	-
5,001 to 10,000	1,258,251	-
10,001 to 100,000	14,287,495	370,000
100,001 and over	142,274,686	62,126,470
	158,443,751	62,496,470
Holding less than a marketable parcel	-	-

EQUITY SECURITY HOLDERS:

Twenty largest quoted equity security holders

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

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
JOSCELYNE INVESTMENTS PTY LTD	25,500,001	16.09
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	15,677,719	9.89
MAHSOR HOLDINGS PTY LTD	9,112,879	5.75
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,910,000	4.99
HOLDREY PTY LTD	7,600,000	4.80
RANSDALE INVESTMENTS PTY LTD	6,500,000	4.10
DECK CHAIR HOLDINGS PTY LTD	5,729,517	3.62
WHITE SWAN NOMINEES PTY LTD	5,199,784	3.28
BROWN BRICKS PTY LTD	4,904,167	3.10
JJG GROUP PTY LTD	4,500,000	2.84
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,959,172	2.50
CITICORP NOMINEES PTY LIMITED	3,872,654	2.44
VISTA GROVE INVESTMENTS PTY LTD	3,658,138	2.31
TERRA CAPITAL MANAGEMENT PTY LTD	2,493,472	1.57
CHURCHTOWN INVESTMENT PTY LTD	2,145,833	1.35
MOSCH PTY LTD	1,750,000	1.10
KENT SST PTY LTD	1,500,000	0.95
AVIEMORE CAPITAL PTY LTD	1,400,000	0.88
BRIJOHN NOMINEES PTY LTD	1,361,211	0.86
VIVIENNE JAGGER	1,275,000	0.80
	116,049,547	73.24

Unquoted equity securities

There are no unquoted equity securities.

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Joscelyne Investments Pty Ltd	25,500,001	16.09
Regal Funds Management Pty Ltd	14,575,000	9.20

VOTING RIGHTS

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

Ordinary shares

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

There are no other classes of equity securities.

ANNUAL GENERAL MEETING

The Annual General meeting will be held on 13 November 2018 at 4:00pm AEDT at:

Automic Group,
Level 5, 126 Phillip Street,
Sydney NSW 2000.

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LOT 10, LEVEL 3
7 BRIDGE STREET
SYDNEY NSW 2000