

QANTM Intellectual Property Limited

ACN 612 441 326

Annual Report for the period from incorporation to
30 June 2016

QANTM Intellectual Property Limited
ANNUAL REPORT
for the period from incorporation to 30 June 2016

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QANTM Intellectual Property Limited

ANNUAL REPORT

for the period from incorporation to 30 June 2016

Directors' Report

The directors of QANTM Intellectual Property Limited submit herewith the annual report of the company for the financial period ended 30 June 2016. The Company was incorporated on 17 May 2016, and the financial period ended 30 June 2016 represents the first financial year end of the Company.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names of the directors of the company during or since the end of the financial year are:

Name	Appointment Date	Particulars
Leon Allen	Appointed 17 May 2016	Leon joined DCC in 1995 and has worked as a patent attorney since 1981. Leon has been managing partner and chairman of Davies Collison Cave's national management board since 2011.
Alan Clarke	Appointed 17 May 2016, Resigned 16 June 2016	Alan is a chartered accountant and former partner of the firm who assists the firm in relation to finance and administration.
Richard England, Non-Executive Chairman	Appointed 17 May 2016	Richard is currently chairman of Ruralco Holdings Limited. In addition, Richard is a non-executive director of Macquarie Atlas Roads Limited, Nanosonics Limited and Japara Healthcare Limited.
Abigail Cheadle	Appointed 16 June 2016	Abigail is a chartered accountant with over 20 years' experience working in Australia, Asia, Middle East and Europe. Abigail is currently chief executive officer of CompletePlace Pty Ltd, an emerging property software and services business.
Sonia Petering	Appointed 16 June 2016	Sonia is currently a director of Virtus Health Limited and TAL Dai-ichi Australia Pty Ltd. Sonia previously served on the boards of the Transport Accident Commission and Rural Finance Corporation where she was chair of the board from 2009 to June 2016.
Cameron Judson	Appointed 16 June 2016	Cameron is currently joint CEO of McGrath Limited. Cameron was previously CEO and managing director of Chandler Macleod Group Limited from June 2012 to July 2015.

Directors' meetings

During the financial period ended 30 June 2016 there were no Directors' meetings.

Principal Activities

The Company is an unlisted public company. As at the date of this report, the Company has no trading activity other than incurring fees for professional advisory services related to the Company's pending Initial Public Offering (IPO) on the Australian Securities Exchange (ASX).

Reporting Period

These financial statements are for the period from incorporation (17 May 2016) to 30 June 2016.

Review of Operations

The Company was incorporated on 17 May 2016. The results for the period to 30 June 2016 represent the professional advisory services provided pursuant to the IPO that are estimated to have been incurred by the Company's legal, accounting and other advisors to 30 June 2016.

QANTM Intellectual Property Limited

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for the period from incorporation to 30 June 2016

Changes in state of affairs

There was no change in the state of affairs of the company during the period.

Subsequent Events and Future Developments

On 29 July 2016, the Company lodged a Prospectus with the Australian Securities and Investments Commission in anticipation of undertaking an Initial Public Offering (IPO) of Securities on the Australian Securities Exchange (ASX). Pursuant to the IPO, the Company will acquire the businesses of Davies Collison Cave and FPA Patent Attorneys in exchange for shares in the Company. If successful, the Company's shares will commence trading on the ASX from 31 August 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations (other than as disclosed in the Prospectus) is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Dividends

During and subsequent to the period ended 30 June 2016 there was no dividends declared or distributed.

Indemnification and Insurance of Officers and Partners

During or since the end of the financial period the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

Signed in accordance with a resolution of the Directors

On behalf of the Directors



Leon Allen
Director

22 August 2016

The Board of Directors
QANTM Intellectual Property Limited
Level 15
1 Nicholson Street
Melbourne VIC 3000

22 August 2016

Dear Board Members

QANTM Intellectual Property Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of QANTM Intellectual Property Limited.

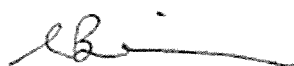
As lead audit partner for the audit of the financial statements of QANTM Intellectual Property Limited for the financial period ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants

QANTM Intellectual Property Limited

ANNUAL REPORT

for the period from incorporation to 30 June 2016

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company

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

On behalf of the Directors



Leon Allen
Director

22 August 2016

QANTM Intellectual Property Limited
Statement of profit or loss and other comprehensive income
for the period from incorporation to 30 June 2016

	Notes	Period Ended 30 June 2016
		<u>\$</u>
Operating Revenue		-
Other Income		-
Operating Expenses		
Associate fees		-
Employee benefit expense	3	(70,000)
Travel and entertainment		-
Occupancy		-
Marketing		-
Technology costs		-
Other expenses	3	<u>(1,547,580)</u>
Loss for the period before income tax from continuing operations		<u>(1,617,580)</u>
Income tax	10	<u>-</u>
Loss for period		<u>(1,617,580)</u>
Other Comprehensive Income for the period		
Total Comprehensive Income for the period		<u>(1,617,580)</u>

QANTM Intellectual Property Limited
Statement of financial position
as at 30 June 2016

	Note	30 June 2016
		\$
Current Assets		
Cash and cash equivalents	4	1
Trade and other receivables		-
Other	5	422,520
Total Current Assets		<u>422,521</u>
Total Non-Current Assets		<u>-</u>
Total Assets		<u>422,521</u>
Current Liabilities		
Trade and other payables	6	2,040,100
Provisions		-
Borrowings		-
Total Current Liabilities		<u>2,040,100</u>
Total Non-Current Liabilities		<u>-</u>
Total Liabilities		<u>2,040,100</u>
Total Net Liabilities		<u>(1,617,579)</u>
Equity		
Issued capital	7	1
Accumulated losses		(1,617,580)
Total Deficiency in Equity		<u>(1,617,579)</u>

QANTM Intellectual Property Limited
Statement of cash flows
for the period from incorporation to 30 June 2016

	Note	2016 \$
Cash flows from Operating Activities		
Receipts from customers		-
Payments to suppliers and employees		-
Net Finance costs paid		-
Net Cash Flows provided by Operating Activities	9	-
Cash flows from Investing Activities		
Payments for property, plant and equipment		-
Payments for intangible assets		-
Net Cash Flows used in Investing Activities		-
Cash flows from Financing Activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Proceeds from issue of shares		1
Net Cash Flows used in Financing Activities		1
Net increase in cash held		1
Cash at the beginning of the financial period		-
Cash at the end of the financial period	4	1

Statement of Changes in Equity
for the period from incorporation to 30 June 2016

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Opening balance	-	-	-
Shares issued on incorporation	1	-	1
Loss for the period	-	(1,617,580)	(1,617,580)
Balance at 30 June 2016	1	(1,617,580)	(1,617,579)

QANTM Intellectual Property Limited

Notes to the financial statements

for the period from incorporation to 30 June 2016

1. General Information

The Company's principal place of business and registered office is:

Level 15
1 Nicholson Street
Melbourne VIC 3000

As at the date of this report, the Company is an unlisted public company incorporated in Australia with a single shareholder. For the purposes of preparing the financial statements, the Company is a for-profit entity.

2. Significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 22 August 2016.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. All amounts are presented in Australian dollars unless otherwise stated.

(c) Changes in accounting policies

The Company has consistently applied the accounting policies set out below to all periods presented in these financial statements.

First time adoption of Australian Accounting Standards (AASBs)

The Company adopted Australian Accounting Standards for the first time following its incorporation on 17 May 2016. The transition to Australian Accounting Standards is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Accounting Standards', with the date of incorporation as the date of transition.

(d) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

QANTM Intellectual Property Limited

Notes to the financial statements

for the period from incorporation to 30 June 2016

2. Significant accounting policies (cont'd)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(f) Trade and other payables

Trade and other payables represent the liabilities for goods and services received that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 90 days of recognition of the liability.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Other financial liabilities include trade payables, other creditors and loans from third parties including inter-group balances.

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

Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Derecognition of financial liabilities

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

(h) Goods and Services Tax

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

QANTM Intellectual Property Limited
Notes to the financial statements
for the period from incorporation to 30 June 2016

2. Significant accounting policies (cont'd)

(i) Going Concern

The company incurred a loss of \$1,617,580 during the period from incorporation to 30 June 2016, representing the estimated value of professional advisory services related to the Company's pending IPO, provided up to 30 June 2016. At 30 June 2016, the Company is in a net liability position of \$1,617,579. The Company's ability to continue as a going concern is dependent upon the successful completion of the IPO, pursuant to the Prospectus lodged with the Australian Securities and Investments Commission on 29 July 2016, as described in Note 14 to the financial statements.

Should the IPO not proceed, the Directors expect that the Partnerships of Davies Collison Cave and FPA Patent Attorneys will pay the accrued professional advisory fees in relation to the IPO and the Company will be wound up.

3. Expenses

Loss for the period includes the following specific other expenses

	<u>30 June 2016</u>
	<u>\$</u>
Directors fees	70,000
Accounting and legal expenses	<u>1,547,580</u>

4. Cash and Cash Equivalents

	<u>30 June 2016</u>
	<u>\$</u>
Cash	<u>1</u>
	<u><u>1</u></u>

5. Other

	<u>30 June 2016</u>
	<u>\$</u>
Prepayments	271,216
GST Receivable	151,304
	<u>422,520</u>

6. Trade and other payables

	<u>30 June 2016</u>
	<u>\$</u>
Accrued expenses & prepayments	2,040,100
	<u>2,040,100</u>

7. Issued capital

	<u>30 June 2016</u>
	<u>\$</u>
1 fully paid ordinary share	<u>1</u>
	<u><u>1</u></u>

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

QANTM Intellectual Property Limited

Notes to the financial statements

for the period from incorporation to 30 June 2016

8. Financial Instruments

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Capital risk management

The Company manages its capital to ensure that entities of the Company will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

(a) Categories of financial instruments

	<u>30 June 2016</u>
	<u>\$</u>
Financial assets:	
Trade and other receivables	-
Cash and cash equivalents	<u>1</u>
Financial liabilities:	
Payables and accrued expenses	2,040,100
Borrowings	<u>-</u>

(b) Foreign currency risk management

The Company may undertake transactions denominated in foreign currencies (primarily USD); consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	<u>30 June 2016</u>	
	<u>Trade</u>	<u>Accrued</u>
	<u>receivables</u>	<u>Expenses</u>
	<u>\$</u>	<u>\$</u>
USD denominated balances	-	-

The Company has not entered into forward exchange contracts to buy or sell specified amounts of foreign currencies in the future at stipulated exchange rates.

QANTM Intellectual Property Limited
Notes to the financial statements
for the period from incorporation to 30 June 2016

8. Financial Instruments (cont'd)

(c) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in the market interest rates. The Company will have exposure to interest rate risk relating to its bank balances and borrowings in the future.

	<u>30 June 2016</u>
	<u>\$</u>
Financial assets	
Cash at bank	-
Financial Liabilities	
Borrowings	-

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the Company has no trade receivables as at the date of this report.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors who have built an appropriate liquidity risk management framework for the management of the Company's funding and liquidity management requirements. The Company manages liquidity risk by maintaining sufficient cash balances.

(f) Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

9. Notes to the Statement of Cash Flows

Reconciliation of profit after income tax to net cash flow from operating activities

	<u>2016</u>
	<u>\$</u>
Net loss for the period	(1,617,580)
Movements in working capital:	
(Increase) / decrease in assets	(422,520)
- Other current assets	
Increase / (decrease) in liabilities:	
- Accrued expenses	2,040,100
	<u>1,617,580</u>
Net operating cash flow	<u><u>-</u></u>

QANTM Intellectual Property Limited
Notes to the financial statements
for the period from incorporation to 30 June 2016

10. Income taxes recognised in profit or loss

	<u>30 June 2016</u>
	<u>\$</u>
Loss before tax from continuing operations	<u>(1,617,580)</u>
Income tax benefit calculated at 30%	485,274
Deferred tax asset not recognised	<u>(485,274)</u>
Income tax expense recognised in profit or loss	<u><u>-</u></u>

The tax rate used for the reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The utilisation of the deferred tax asset is dependent upon future taxable profits in excess of the profits arising from the reversal of the existing taxable temporary differences. As the ability of the Company to generate future taxable profits is dependent upon the successful IPO of the Company, the Directors have not recognised the deductible temporary differences on accrued professional advisory fees.

11. Related Parties

(a) Directors and Key Management Personnel

The names of persons who were Directors and Key Management Personnel at any time during the period ended 30 June 2016 are as follows:

- Leon Allen
- Richard England
- Sonia Petering
- Alan Clarke
- Abigail Cheadle
- Cameron Judson

12. Commitments

	<u>30 June 2016</u>
	<u>\$</u>
Operating Lease Commitments	
Less than One Year	-
Between One and Five Years	-
More than Five Years	-
	<u><u>-</u></u>

QANTM Intellectual Property Limited

Notes to the financial statements

for the period from incorporation to 30 June 2016

13. Key Management Personnel Compensation

The compensation of key management personnel of the Company is set out below:

Compensation of Directors

	<u>2016</u>
	<u>\$</u>
Remuneration and short-term employee benefits	70,000
	<u>70,000</u>

14. Auditors Remuneration

The following amounts were paid to Deloitte Touche Tohmatsu in their capacity as the auditor of the Company.

	<u>2016</u>
	<u>\$</u>
Audit of the financial statements	15,000
	<u>15,000</u>

The cost of the audit for the period ended 30 June 2016 will be borne by the businesses of Davies Collison Cave and FPA Patent Attorneys.

15. Subsequent events

On 29 July 2016, the Company lodged a Prospectus with the Australian Securities and Investments Commission in anticipation of undertaking an Initial Public Offering (IPO) of Securities on the Australian Securities Exchange (ASX). Pursuant to IPO, the Company will acquire the businesses of Davies Collison Cave and FPA Patent Attorneys in exchange for shares in the Company. If successful, the Company's shares will commence trading on the ASX from 31 August 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Independent Auditor's Report to the members of QANTM Intellectual Property Ltd

We have audited the accompanying financial report of QANTM Intellectual Property Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 16.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

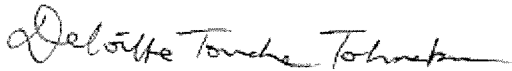
Auditor's Independence Declaration

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

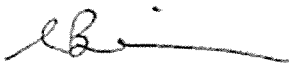
Opinion

In our opinion:

- (a) the financial report of QANTM Intellectual Property Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants
Melbourne, 22 August 2016