

IQNOVATE LTD

ACN 149 731 644

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of IQNovate Ltd (*Company*) will be held at the Linden Room, Novotel Parramatta, Level 1, 350 Church St Parramatta NSW 2150 on 29th November 2012 at 10.00am.

BUSINESS:

A. ACCOUNTS AND REPORTS:

To table the financial report and accounts of the Company and the related reports of the directors and auditors for the year ended 30 June 2012 and to provide members with the opportunity to raise any issues or ask any questions generally of the Directors.

B. RESOLUTIONS:

Resolution 1 will be proposed as a non binding resolution, Resolutions 2 to 6 will be proposed as ordinary resolutions and Resolution 7 will be proposed as a special resolution.

1. Adoption of Remuneration Report

'That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2012 be adopted.'

2. Re-election of Mr Con Tsigounis

'That Mr Con Tsigounis, a director retiring by rotation in accordance with the Company's Constitution and being eligible and having signified his candidature for the Office, be and is hereby re-elected a director of the Company.'

3. Re-election of Mr William Economos

‘That Mr William Economos, a director retiring by rotation in accordance with the Company’s Constitution and being eligible and having signified his candidature for the Office, be and is hereby re-elected a director of the Company.’

4. Non-Executive Director Fees

“That the aggregate maximum remuneration for non-executive members of the Board be and is by this resolution fixed at \$300,000 per annum to be divided between the non-executive members of the Board in such a manner as the Board shall decide”.

5. Ratification of Past Issue of Shares

“That, for all purposes, Shareholders ratify the allotment and issue of 749,390 Shares at an issue price of A\$0.88 per Share on the terms and conditions set out in the Explanatory Notes.”

6. Approval of IQNovate Ltd Benefits Plan

“That, for the purposes of NSX Listing Rule 6.25(2)(iv) and for all other purposes, approval is hereby given to the issue of securities under the IQNovate Ltd Benefits Plan which is constituted and administered in accordance with the IQNovate Ltd Benefits Plan on the terms and conditions set out in the Explanatory Notes .”

7. Adoption of New Constitution

“That, subject to the passing of all other Resolutions, pursuant to Section 136(2) of the Corporations Act and for all other purposes, the Company adopts a new constitution in the form set out at Attachment A to this notice of general Meeting in lieu of the existing constitution of the Company, at the close of the General Meeting.”

By Order of the Board

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a smaller, more complex flourish.

Spiro Sakiris

Company Secretary

26th October 2012

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Annual General Meeting dated 22nd October 2012 and should be read in conjunction with that Notice as these Explanatory Notes contain important information on the proposed Resolutions.

A. ACCOUNTS AND REPORTS:

The financial report, directors' report and auditor's report for the Company for the year ended 30 June 2012 will be laid before the meeting. There is no requirement for Shareholders to approve those reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

B. RESOLUTIONS:

1. Resolution 1 – Adoption of Remuneration Report

1.1. Remuneration Report

The Company is required to include in its Directors Report a detailed Remuneration Report relating to Directors' and Executives' remuneration. Section 300A of the Corporations Act sets out the information to be included in the Remuneration Report. A copy of the report appears in the Company's Annual Report for the year ended 30 June 2012.

Sections 249L(2) and 250R(2) of the Corporations Act require that a resolution that the Remuneration Report be adopted be put to a vote of Shareholders at the Company's Annual General Meeting. The vote on this Resolution 1 is advisory to the Company only and does not bind the Board.

Under Section 250SA of the Corporations Act, shareholders must be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. This is in addition to any questions or comments that Shareholders may have in relation to the management of the Company.

1.2. Voting Prohibition

A vote on Resolution 1 must not be cast by or on behalf of either of the following persons:

- (a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on the resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

1.3. Proxy

If you appoint the Chairman of the Meeting as your proxy or the Chairman is appointed as your proxy by default, you must either:

- (a) mark the bolded second box under Step 1 on the proxy form to direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 1; or
- (b) give directions as to how your proxy must vote in the tick box under Step 2 on the proxy form.

If you do not mark the bolded second box under Step 1, and you have not directed your proxy how to vote on Resolution 1, the Chairman of the Meeting will not cast your votes on Resolution 1 and your votes will not be counted in computing the required majority if a poll is called on this item.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

2. Resolution 2 – Re-Election of Mr Con Tsigounis

Rule 20.2 of the Constitution requires one third of directors (except for the managing director) to retire each year (by rotation). Mr Con Tsigounis retires this year in accordance with this rule and is permitted to seek re-election. Personal particulars for Mr Tsigounis are set out in the Board of Directors' information included in the Company's 2012 Annual Report.

3. Resolution 3 – Re-Election of Mr William Economos

Rule 20.2 of the Constitution requires one third of directors (except for the managing director) to retire each year (by rotation). Mr William Economos retires this year in accordance with this rule and is permitted to seek re-election. Personal particulars for Mr

Economos are set out in the Board of Directors' information included in the Company's 2012 Annual Report.

4. Resolution 4 – Non-executive Director Fees

The Constitution of the Company provides that the fees payable to Non-Executive Directors must be by way of a fixed sum, and the total fees payable to Directors must not be increased without the prior approval shareholders in general meeting.

This resolution authorises the Directors to fix a maximum aggregate remuneration for Non-Executive Directors at \$300,000. The Directors believe the maximum aggregate amount of \$300,000 is both commensurate with amounts offered to Non-Executive Directors of public companies of a similar size and industry grouping as the Company, and that the amount will allow adequate scope for the appointment of additional Non-Executive Directors in the future to enable the Company to pursue opportunities such as the Company's securities being quoted in the USA.

5. Resolution 5 – Ratification of Past Issue of Shares

5.1. General

As announced by the Company on 24 April 2012 and 2 May 2012, the Company completed a placement to sophisticated investors of 749,390 Shares at an issue price of A\$0.88 per Share raising A\$659,463 before costs.

None of the subscribers to the Placement were related parties of the Company.

Resolution 5 seeks Shareholder ratification pursuant to NSX Listing Rule 6.25 for the issue of those 749,390 Shares (**Share Ratification**).

NSX Listing Rule 6.25 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.

5.2. Key Information

The following information is provided in relation to the Share Ratification:

- (a) 749,390 Shares were allotted and issued;

- (b) the Shares were issued at an issue price of A\$0.88 per Share;
- (c) the Shares were issued on the same terms and conditions of existing Shares on issue;
- (d) the Shares were allotted and issued to sophisticated investors, none of whom were related parties of the Company; and
- (e) the funds raised from the Placement (which includes the funds raised as part of the Shares seeking ratification) was applied, or will be applied, towards capital and operating expenditures and general working capital.

5.3. Voting Exclusion

The Company will disregard any votes cast on this Resolution 5 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 - Approval of IQNovate Ltd Benefits Plan

6.1. General

The Company seeks Shareholder approval for the issue of securities under the IQNovate Ltd Benefits Plan (**the Plan**) for the purposes of NSX Listing Rule 6.25(2)(iv).

The Directors of the Company propose to establish and implement the Plan under which directors, employees and contractors of the Company will be eligible to participate.

NSX Listing Rule 6.25 contains an effective 15% limit on the amount of share capital that can be issued by a Company in any 12 month period without the approval of the holders of ordinary shares. Listing Rule 6.25(2) contains several exceptions to this limit, including exception (iv). This exception applies if the relevant issue of securities is made under an employee incentive scheme which was approved by Shareholders of the Company. This approval will not impact the number of Shares to be issued under the Plan, but will have the effect of not being counted towards the 15% limit under Listing Rule 6.25. The approval sought will therefore allow the Company additional flexibility in making issues of securities pursuant to Listing Rule 6.25.

The purpose of the Plan is to provide directors, employees and contractors of the Company with an incentive to work towards improving the long term performance of the Company and an opportunity to share in the growth in value of the Company and its returns to Shareholders.

6.2. Summary of the Key Terms of the Plan

(a) Eligibility

The Board may issue securities under the Plan to directors, employees and contractors in permanent full-time employment/engagement or permanent part-time employment/engagement by a company within the IQNovate Ltd group of companies.

(b) General Terms of the Plan

Under the Plan, equity awards may be in the form of Shares, Options and Performance Rights as the Board shall determine from time to time. The Company is restricted to a maximum number that can be issued or granted under the Plan.

The Board may in its absolute discretion determine any performance hurdles (exercise or vesting conditions, as the case may be) that will form part of any Options or Performance Rights that are issued under the Plan. These hurdles will take into account the Company's strategies and align the Participant's interests with those of shareholders.

(c) Participant Rights

Participants with an interest in Options or Performance Rights held under the Plan will not be entitled to participate in new issues of Shares made by the Company to Shareholders of its securities unless the Options are exercised or Rights vest (as the case may be) and the resultant Shares are issued to the Participant before the record date for determining entitlements to the issue. If the Company makes a pro-rata bonus issue of Shares to its Shareholders and an Option is exercised or Right vested (as the case may be) prior to the record date for determining entitlements to that issue, the Option or Right, when exercised, will entitle the holder to one Share plus the number of bonus Shares which will be issued to the holder once the Option has been exercised or Right vested (as the case may be) prior to the relevant record date.

If the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) then the number of Performance Rights to which the Participant has been granted and/or the number of options to which each Participant is entitled and/or the exercise price must be reconstructed in accordance with the Listing Rules.

If the Company undertakes a pro-rata issue (other than a bonus issue) of securities, the terms of the Options and the Rights of the participants must be changed in accordance with the Plan.

If a takeover bid is made to acquire the whole or part of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect of a change of control of the Company, then each Participant

shall be able to request that the Board approve the exercise and/or conversion all or part of his or her Options or Rights (as the case may be), notwithstanding that the applicable exercise and/or vesting conditions have not been satisfied.

Participants who have been issued Options and Performance Rights shall be sent all reports and accounts required to be laid before the members of the Company in a general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

Shares

The Shares allotted under the Plan will rank equally in all respects with all other issued Shares of the Company. The Company will apply for official quotation of those Shares on the NSX after they are issued.

Options

Each Option confers an entitlement to subscribe for and be allocated one fully paid ordinary share. Options are granted to Participants for no initial consideration (an exercise price is applicable upon conversion however). The Company will not apply for NSX quotation of any options granted under the Plan. The exercise price per Option and exercise period is to be determined by the Board and will be specified in the invitation to the Eligible Person.

Options issued under the Plan are non-transferable.

The Shares allotted upon the exercise of the Options will rank equally in all respects with all other issued Shares of the Company. The Company will apply for official quotation of those Shares on the NSX after they are issued.

Rights

Rights confer an entitlement to be granted one fully paid ordinary share for every vested Right held. Rights are granted to Participants at no cost to the Participant. The Board will determine the vesting criteria and any additional conditions, such as disposal restrictions attaching to the resultant Shares, specific details of which will be specified in the invitation to the Eligible Person.

Rights issued under the Plan are non-transferable.

The Shares allotted upon the exercise of vested Performance Rights will rank equally in all respects with all other issued Shares of the Company. The Company will apply for official quotation of those Shares on the NSX after they are issued.

(d) Maximum Number of Securities that may be issued under the Plan

The maximum number of securities that may be offered for issue under the Plan in aggregate with the number of securities issued during the previous 5 years pursuant to any employee share scheme operated by the Company, but disregarding any offer made or shares issued that did not require disclosure or that was made under a disclosure document, must not exceed 5% of the total number of shares on issue at the time of making the offer.

No securities have been issued under the Plan to date.

(e) **Copies of Plan**

A copy of the Plan is available for inspection at the registered office of the Company and will be sent free of charge to any member on request.

(f) **Recommendation**

The Board recommends that Shareholders approve the adoption of the Plan proposed by Resolution 6.

7. Resolution 7 – Adoption of New Constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to adopt a new constitution of the type required for a company limited by shares.

The Directors believe the proposed Constitution, being in the standard form of a constitution for a company of the Company's size and industry, will provide the Company with a clear and concise constitution consistent with the listing rules of the stock exchanges in Australia.

The proposed replacement Constitution is included as "Attachment A".

The Meeting Chairman will vote his proxies as directed and will vote his open proxies in favour of the motion.

Constitution

**IQNovate Ltd
(ACN 149 731 644)**

Date: 29th November 2012

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1. General

1.1. Name of Company

The name of the Company is IQNovate Ltd (ACN 149 731 644).

1.2. Liability of members

The liability of shareholders is limited.

1.3. Replaceable Rules

The Replaceable Rules do not apply to the Company.

2. Interpretation

2.1. Interpretation

- (a) In these rules unless it is inconsistent with the subject or context in which it is used:

"**ASX**" means ASX Limited (ACN 008 624 691);

"**Board**" means the Directors for the time being of the Company;

"**business day**" means a day defined as such under the Listing Rules;

"**call**" includes any instalment of a call and any amount due on allotment of any share;

"**Chairman**" includes an acting Chairman under rule 10;

"**Committee**" means a Committee to which powers have been delegated by the Board pursuant to rule 18.7;

"**Company**" means IQNovate Ltd (ACN 149 731 644);

"**CS Facility**" means clearing and settlement facility as that term is defined in the Act.

"**Director**" means a person appointed or elected from time to time to the office of Director of the Company in accordance with these rules and includes any alternate Director duly acting as a Director;

"Executive Director" means a person appointed to that position pursuant to rule 17.3;

"Law" means the Corporations Act 2001 (Cth) and any regulations made under that Act, except to the extent of an exemption, modification, declaration or order made in respect of that legislation which applies to the Company;

"Listing Rules" means the Listing Rules of the Securities Exchange and any other rules of the Securities Exchange which are applicable while the Company is admitted to the Official List of the Securities Exchange, each as amended or replaced from time to time, except to the extent of any express waiver by the Securities Exchange;

"Managing Director" means the person appointed to that position pursuant to rule 17.1;

"Marketable Parcel" has the meaning given to the term 'marketable parcel' in the Listing Rules;

"National Stock Exchange of Australia" or **"NSX"** means the National Stock Exchange of Australia Limited (ABN 11 000 902 063);

"Office" means the registered office from time to time of the Company;

"Official List" means the official list of the Securities Exchange;

"person" and words importing persons include partnerships, associations and corporations unincorporated and incorporated by Ordinance, Act of Parliament or registration as well as individuals;

"Register" means the register of shareholders of the Company and includes a branch register of shareholders established pursuant to rule 20;

"Registered address" means the address of a shareholder specified on a transfer or any other address of which the shareholder notifies the Company as a place at which the shareholder will accept service of notices;

"Relevant day" in relation to a takeover scheme, means the day that is 14 days before the end of the period during which the offers under the takeover scheme remain open;

"Replaceable Rules" has the meaning given to that term by Part 2B.4 of the *Corporations Act 2001 (Cth)*;

"Restricted Security" has the meaning specified in the Listing Rules;

"Retiring Director" means a Director who is required to retire under rule 16.1 and a Director who ceases to hold office under rule 16.2;

"rules" means the rules of this constitution as altered or added to from time to time;

"Seal" means the common seal, if any, from time to time, of the Company;

"Secretary" means a person appointed as secretary of the Company and includes any person appointed to perform the duties of secretary;

"securities" includes shares, rights to shares, options to acquire shares and other securities with rights of conversion to equity;

"Securities Exchange" means the ASX, the NSX or any other securities exchange on whose Official List the Company is, from time to time, admitted;

"security holder" means a holder of securities of the Company in accordance with the Law;

"Settlement Operating Rules" means the operating rules of a CS Facility licensee (including the ASX Settlement Corporation Limited (ACN 008 617 187), which apply to the securities of the Company except to the extent of any relief given by the CS Facility in their application to the Company;

"shareholder" means a shareholder of the Company in accordance with the Law;

"shareholders present" means shareholders present at a general meeting of the Company in person or by duly appointed representative, proxy or attorney;

"shareholding account" means an entry made in the Register in respect of a shareholder for the purpose of providing a separate identification of some or all of the shares registered from time to time in the name of the shareholder;

'Unmarketable Parcel' means, in respect of the shareholding of a shareholder, a parcel of shares that is not a Marketable Parcel; and

"writing" and **"written"** includes printing, typing, lithography and other modes of reproducing words in a visible form;

- (b) Words and phrases which are given a special meaning by the Law have the same meaning in these rules;
- (c) Words in the singular include the plural and vice versa;

- (d) Words importing a gender include each other gender;
- (e) A reference to the Law or any other statute or regulations is to be read as though the words "as modified or substituted from time to time" were added to the reference;
- (f) A reference to the Listing Rules is to the Listing Rules as are in force from time to time in relation to the Company after taking into account any waiver or exemption which is in force either generally or in relation to the Company;
- (g) The headings and sidenotes do not affect the construction of these rules;
- (h) An expression used in a particular Part, Division, Schedule or regulation of the Law that is given by that Part, Division, Schedule or regulation a special meaning for the purpose of that Part, Division Schedule or regulation has, in any of these rules that deals with a matter dealt with by that Part, Division, Schedule or regulation, unless the contrary intention appears, the same meaning as in that Part, Division, Schedule or regulation.

3. Shares

3.1. Issue of Shares and Options

Without prejudice to any special rights conferred on the holders of any shares, and subject to the Listing Rules, any share in the capital of the Company may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Board may from time to time determine. Except as provided by contract or these rules to the contrary, all unissued shares are under the control of the Board which may grant options on the shares, issue option certificates in respect of the shares, allot or otherwise dispose of the shares on the terms and conditions and for the consideration it thinks fit. The Company shall maintain a register of options in accordance with the Law.

3.2. Power to Pay Commission and Brokerage

The Company may pay a commission to any person in consideration of the person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in the Company. The commission may in addition to or instead of commission pay any brokerage permitted by law.

3.3. Directors May Participate

Any director or any person who is an associate of a Director for the purpose of the Listing Rules may participate in any issue by the Company of securities unless the Director is precluded from participating by the Listing Rules.

3.4. **Surrender of Shares**

In its discretion, the Board may accept a surrender of shares by way of compromise of any question as to whether or not those shares have been validly issued or in any other case where the surrender is within the powers of the Company. Any shares surrendered may be sold or re-issued in the same manner as forfeited shares.

3.5. **Joint Holders**

Where 2 or more persons are registered as the holders of any shares, they are deemed to hold the shares as joint tenants with benefits of survivorship subject to the following provisions:

- (a) **(Number of Holders)** - the Company is not bound to register more than 3 persons as the holders of the shares (except in the case of trustees, executors or administrators of a deceased shareholder);
- (b) **(Liability for Payments)** - the joint holders of the Shares are liable severally as well as jointly in respect of all payments which ought to be made in respect of the shares;
- (c) **(Death of Joint Holder)** - on the death of any one of the joint holders, the survivor is the only person recognised by the Company as having any title to the shares but the Board may require evidence of death;
- (d) **(Power to Give Receipt)** - any one of the joint holders may give a receipt for any dividend, bonus or return of capital payable to the joint holders;
- (e) **(Notices and Certificates)** - only the person whose name stands first in the Register as one of the joint holders of the shares is entitled if the Company is required by the Law or the Listing Rules to issue certificates for shares, to delivery of a certificate relating to the shares or to receive notices from the Company and any notice given to that person is deemed notice to all the joint holders;
- (f) **(Votes of Joint Holders)** - any one of the joint holders may vote at any meeting of the Company either personally or by duly authorised representative, proxy or attorney, in respect of the shares as if that joint holder was solely entitled to the shares. If more than one of the joint holders are present at any meeting personally or by duly authorised representative, proxy or attorney, the joint holder

who is present whose name stands first in the Register in respect of the shares is entitled alone to vote in respect of the shares.

3.6. **Non-recognition of Equitable Interests, etc**

Except as otherwise provided in these rules, the Company is entitled to treat the registered holder of any shares as the absolute owner of the share and is not, except as ordered by a Court or as required by statute, bound to recognise (even when having notice thereof) any equitable or other claim to or interest in the share or the part of any other person.

3.7. **Restricted Securities**

- (a) Restricted Securities may not be disposed of during the escrow period except as permitted by the Listing Rules or the Securities Exchange;
- (b) If the Company at any time has on issue any Restricted Securities, the Company shall, except as permitted by the Listing Rules or the Securities Exchange, refuse to acknowledge, deal with, accept or register any sale, assignment or transfer of any such Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company under the Listing Rules in relation thereto; and
- (c) In the event of a breach of the Listing Rules or of any escrow agreement entered into by the Company under the Listing Rules in relation to Restricted Securities, the member holding the shares in question shall, notwithstanding any rights attached to such shares, cease to be entitled to any dividend or distribution and to any voting rights in respect of those shares for so long as the breach subsists.

3.8. **Issue of redeemable preference shares**

Subject to the Law, any preference shares may be issued on the terms that they are, or at the option of the company, are liable, to be redeemed.

3.9. **Variation of Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, and subject to the Listing Rules, be varied with the consent in writing of members with at least 75% of the votes in the class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

3.10. **Issue of new preference shares**

Constitution

The rights conferred upon the holders of the shares of any class issued with preferred or other rights are, unless otherwise expressly provided by the terms of issue of the shares of that class, deemed not to be varied by the creation or issue of further shares ranking equally with the first-mentioned shares.

4. Certificates

4.1. Certificates/Uncertificated Holdings

While the Company is admitted to the Official List of the Securities Exchange the following applies:

- (a) Subject to rule 3.5(e), where the Company is required by the Law or the Listing Rules to issue certificates for shares, every shareholder is entitled, without payment, to one certificate for the shares registered in that shareholder's name or to several certificates in reasonable denominations, each for a part of the shares;
- (b) The Company may send any certificate to a shareholder by prepaid post addressed to the shareholder at that shareholder's Registered address or as is otherwise directed by the shareholder and every certificate so sent shall be at the risk of the shareholder entitled thereto.
- (c) If the Board wishes to issue certificates for shares, or where the Company is required by the Law to issue certificates for shares, share certificates are to be issued under the Seal or by authority of the Board (whether or not in accordance with rule 21.4) in any form prescribed by the Board permitted under the Law and are to be signed in any manner determined by the Board.
- (d) If a certificate is worn out or defaced, upon production of the certificate to the Company, the Board may order it to be cancelled and may issue a new certificate.
- (e) If a certificate is lost, stolen or destroyed, upon the giving of such indemnity (if any) and any evidence that the certificate has been lost, stolen or destroyed which the Board may require and upon the payment of any fee the Board may from time to time determine, a new certificate may be issued instead of the lost, stolen or destroyed certificate. A certificate issued to replace a certificate which has been lost, stolen or destroyed may be endorsed as having been issued instead of a lost, stolen or destroyed certificate.

4.2. Directors need not issue certificates

Notwithstanding any other provision in these rules, when the Company is admitted to the Official List of the Securities Exchange the Directors may determine not to issue a certificate for any security or may determine to cancel such a certificate without issuing

any certificate in its place, if that determination is not contrary to the Law or the Listing Rules or the Settlement Operating Rules or is required by Listing Rules or the Settlement Operating Rules.

4.3. Computerised trading

- (a) The Directors may do anything they consider necessary or desirable and which is permitted under the Law, the Listing Rules and the Settlement Operating Rules to facilitate the involvement by the Company in any computerised or electronic system established or recognised by the Law or the Listing Rules for the purposes of facilitating dealings in securities.
- (b) If the Company is involved in a system of the kind described in paragraph (a), the Company must comply with and give effect to the Listing Rules and the Settlement Operating Rules applying in relation to that system.

4.4. Cancellation of Certificates

Where the Directors of the Company have pursuant to rule 4.2 determined not to issue certificates for securities or to cancel existing certificates a security holder has the right to receive such statements of the holdings of the security holder as are required to be distributed to a security holder under the Law, the Listing Rules or the Settlement Operating Rules.

5. Calls

5.1. Power to Make Calls

Subject to the terms upon which any shares may have been issued, the Board may make calls from time to time upon the shareholders in respect of all moneys unpaid on their shares. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the Board. Calls may be made payable by instalments.

5.2. Obligation for Calls

The Company may make arrangements on the issue of shares for a difference between the holders of those shares in the amount of calls to be paid and the time of payment of the calls.

5.3. When a Call is Made

A call is deemed to have been made at the time when the resolution of the Board authorising the call was passed. Subject to the Listing Rules, the call may be revoked or

postponed at the discretion of the Board at any time prior to the date on which the payment in respect of the call is due.

5.4. Interest on the Late Payment of Calls

If any sum payable in respect of a call is not paid on or before the date for payment, the shareholder from whom the sum is due is to pay interest on the unpaid amount from the due date to the date of payment at the rate the Board from time to time determines. The Board may waive the whole or part of any interest paid or payable under this rule.

5.5. Instalments

Subjects to any notice requirements under the Listing Rules, if, by the terms of an issue of shares, any amount is payable in respect of any shares by instalments, every instalment is payable as if it is a call duly made by the Board of which due notice had been given, and, subject thereto, all provisions of these rules with respect to the payment of calls and of interest or to the forfeiture of shares for non-payment of calls or with respect to liens or charges apply to the instalment and to the shares in respect of which is payable.

5.6. Payment in Advance of Calls

If the Board thinks fit it may receive from any shareholder all or any part of the moneys unpaid on all or any of the shares held by that shareholder beyond the sums actually called up and then due and payable either as a loan repayable or as a payment in advance of calls. The Company may pay interest on the moneys advanced at the rate and on the terms agreed by the Board and the shareholder paying the sum in advance.

5.7. Non-receipt of Notice of Call

Notice of any call shall be in writing including such information as the Law and Listing Rules may require, but the non-receipt of a notice of any call by, or the accidental omission to give notice of any call to, any shareholder does not invalidate the call.

6. Forfeiture and Lien

6.1. Notice Requiring Payment of Sums Payable

Subject to the Listing Rules, if any shareholder fails to pay any sum payable on or in respect of any shares, either for allotment money, calls or instalments, on or before the day for payment, the Board may, at any time after the day specified for payment whilst any part of the sum remains unpaid, serve a notice on the shareholder requiring that shareholder to pay the sum together with interest accrued and all expenses incurred by the Company by reason of the non-payment.

6.2. Time and Place for Payment

The notice referred to in rule 6.1 is to name a day on or before which the sum, interest and expenses (if any) are to be paid and the place where payment is to be made. The notice is also to state that, in the event of non-payment at or before the time and at the place specified, the shares in respect of which the sum is payable will be liable to be forfeited.

6.3. Forfeiture on Non-compliance with Notice

If there is non-compliance with the requirements of any notice given pursuant to rule 6.1, any shares in respect of which notice has been given may, at any time after the day specified in the notice for payment whilst any part of allotment moneys, calls, instalments, interest and expenses (if any) remains unpaid, be forfeited by a resolution of the Board to that effect. The forfeiture is to include all dividends, interest and other moneys payable by the Company in respect of the forfeited shares and not actually paid before the forfeiture.

6.4. Notice of Forfeiture

When any share is forfeited, notice of the resolution of the Board is to be given to the shareholder in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture and the date of forfeiture is to be made in the Register. Failure to give notice or make the entry as required by this rule does not invalidate the forfeiture.

6.5. Disposal of Forfeited Shares

Any forfeited share is deemed to be the property of the Company and, subject to the Listing Rules, the Board may sell or otherwise dispose of or deal with the share in any manner it thinks fit and with or without any money paid on the share by any former holder credited as paid up.

6.6. Annulment of Forfeiture

The Board may, at any time before any forfeited share is sold or otherwise disposed of, annul the forfeiture of the share upon any conditions it thinks fit.

6.7. Liability Notwithstanding Forfeiture

Any shareholder whose shares have been forfeited is, notwithstanding the forfeiture, liable to pay and is obliged forthwith to pay to the Company all sums of money, interest and expenses owing upon or in respect of the forfeited shares at the time of forfeiture, together with expenses and interest from that time until payment at the rate the Board from time to time determines. The Board may enforce the payment or waive the whole or part of any sum paid or payable under this rule as it thinks fit.

6.8. **Company's Lien or Charge**

The Company has a first and paramount lien or charge for unpaid calls, instalments, reasonable interest due in relation to any calls or instalments and any amounts the Company is called upon by law to pay (and has paid) in respect of the shares of a shareholder upon shares registered in the name of the shareholder in respect of which the calls, instalments and interest are due and unpaid or in respect of which the amounts are paid and upon the proceeds of sale of the shares. The lien or charge extends to all dividends from time to time declared in respect of the shares provided that, if the Company registers a transfer of any shares upon which it has a lien or charge without giving the transferee notice of any claim it may have at that time, the shares are freed and discharged from the lien or charge of the Company in respect of that claim.

6.9. **Sale of Shares to Enforce Lien**

The Company may do all such things as may be necessary or appropriate for it to do under the Settlement Operating Rules or the Listing Rules to effect a transfer or to protect any lien, charge or other right to which it may be entitled under any law or these rules.

6.10. **Title of Shares Forfeited or Sold to Enforce Lien**

- (a) In a sale or a re-allotment of forfeited shares or in the sale of shares to enforce a lien or charge, an entry in the Board's minute book that the shares have been forfeited, sold or re-allotted in accordance with these rules is sufficient evidence of that fact as against all persons entitled to the shares immediately before the forfeiture, sale or re-allotment of the shares. The Company may receive the purchase money or consideration (if any) given for the shares on any sale or re-allotment.
- (b) In a re-allotment, a certificate signed by a Director or the Secretary to the effect that the shares have been forfeited and the receipt of the Company for the price of the shares constitutes a good title to them.
- (c) In a sale, the Company may appoint a person to execute or effect a transfer in favour of the person to whom the shares are sold.
- (d) Upon the issue of the receipt or the execution of the transfer the person to whom the shares have been re-allotted or sold is to be registered as the holder of the shares, discharged from all calls or other money due in respect of the shares prior to the re-allotment or purchase and the person is not bound to see to the regularity of the proceedings or to the application of the purchase money or consideration, nor is the person's title to the shares affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or re-allotment.

- (e) The net proceeds of any sale or re-allotment are to be applied first in payment of all costs of or in relation to the enforcement of the lien or charge or the forfeiture (as the case may be) and of the sale or re-allotment, next in satisfaction of the amount in respect of which the lien exists as is then payable to the Company (including interest) and the residue (if any) paid to, or at the direction of, the person registered as the holder of the shares immediately prior to the sale or re-allotment or to the person's executors, administrators or assigns upon the production of any evidence as to title required by the Board.
- (f) If a certificate for the shares is not produced to the Company, the Board may, where the Company is required by the Law or the Listing Rules to issue certificates for shares, issue a new certificate distinguishing it from the certificate (if any) which was not produced.

7. Payments by the Company

7.1. Payments by the Company

If any law of any place imposes or purports to impose any immediate or future or possible liability on the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any securities held either jointly or solely by any holder or in respect of any transfer of those securities or in respect of any interest, dividends, bonuses or other moneys due or payable or accruing due or which may become due or payable to the holder by the Company on or in respect of any securities or for or on account or in respect of any holder of securities, whether in consequence of:

- (a) the death of the holder;
- (b) the non-payment of any income or other tax by the holder;
- (c) the non-payment of any estate, probate, succession, death, stamp or other duty by the holder or the trustee, executor or administrator of that holder or by or out of the holder's estate;
- (d) any assessment of income tax against the Company in respect of interest or dividends paid or payable to the holder; or
- (e) any other act or thing;

the Company may exercise any of the rights set out in rule 7.2.

7.2. Rights of the Company

In each of the situations described in rules 7.1(a) to 7.1(e), the Company:

- (a) is to be fully indemnified from all liability by the holder or the holder's trustee, executor or administrator and by any person who becomes registered as the holder of the securities on the distribution of the deceased holder's estate;
- (b) has a lien or charge upon the securities for all moneys paid by the Company in respect of the securities under or in consequence of any law;
- (c) has a lien upon all dividends payable in respect of the securities registered in the Register as held either jointly or solely by the holder for all moneys paid by the Company in respect of the securities under or in consequence of any law, together with interest at a rate the Board may determine from time to time from the date of payment to the date of repayment, and may deduct or set off against any dividends payable any moneys paid by the Company together with interest;
- (d) may recover as a debt from the holder or the holder's trustee, executor or administrator or any person who becomes registered as the holder of the securities on the distribution of the deceased holder's estate, any moneys paid by the Company under or in consequence of any law which exceed any dividend, bonus or other money then due or payable by the Company to the holder together with interest at a rate the Board may determine from time to time from the date of payment to the date of repayment; and
- (e) may, if any money is paid by the Company under any law but subject to the Listing Rules, refuse to register a transfer of any securities by the holder or the holder's trustee, executor or administrator until the money and interest is set off or deducted or, in case the money and interest exceeds the amount of any dividend then due or payable by the company to the holder, until the excess is paid to the Company.

7.3. No prejudice to the Company

Nothing in rules 7.1 or 7.2 prejudices or affects any right or remedy which any law confers on the Company, and, as between the Company and each holder, each holder's trustee, executor, administrator and estate, any right or remedy which the law confers on the Company, is enforceable by the Company.

8. Transfer and Transmission of Securities

8.1. Instrument of Transfer

Subject to these rules, a security holder may transfer all or any of the security holder's securities:

- (a) in any manner required or permitted by the Listing Rules or the Settlement Operating Rules applying in relation to any computerised or electronic system established or recognised by the Listing Rules or the Law for the purpose of facilitating dealings in securities, including a transfer that may be effected pursuant to the Settlement Operating Rules or other electronic transfer process; and
- (b) by any instrument in writing in any usual or common form or in any other form that the Directors approve.

8.2. Registration Procedure

Where an instrument of transfer referred to in rule 8.1 is to be used by a security holder to transfer securities the following provisions apply:

- (a) it must be executed by or on behalf of both the transferor and the transferee unless it is a sufficient transfer of marketable securities within the meaning of the Law;
- (b) the instrument of transfer must be left for registration at the share registry of the Company, accompanied by the certificate for the securities to which it relates (if any) and such information as the Directors properly require to show the right of the transferor to make the transfer, and in that event, the Company must, subject to the powers vested in the Directors by these rules, register the transferee as a security holder;
- (c) the Company must register all registrable transfer forms, split certificates, renunciations and transfers, issue certificates and transmission receipts and mark or note transfer forms without charge except in the case the Company issues a certificate for securities where the issue of a certificate is to replace a lost or destroyed certificate;
- (d) on registration of a transfer of securities, the Company must cancel the old certificate (if any).

8.3. Completion of Registration

- (a) Except in the case of a proper transfer under the Settlement Operating Rules, a transferor of securities remains the holder of the securities transferred until the transfer (if any) is registered and the name of the transferee is entered in the Register in respect of the securities. The right to any dividends declared on any shares subject to a transfer will be determined by reference to the record date for the purposes of that dividend and the date of registration of the transfer;

- (b) The Company must comply with such obligations as may be imposed on it by the Listing Rules and Settlement Operating Rules in connection with any transfer of securities.

8.4. Closing Register

Subject to the provisions of the Law, the Listing Rules and the Settlement Operating Rules, the Register may be closed at any time the Board thinks fit.

8.5. Right to refuse registration

Notwithstanding any other provision contained in these rules, the Company may in the Directors' absolute discretion and without assigning any reason therefore, refuse to register or prevent or interfere with the registration of a transfer of securities in the Company while it is not admitted to the Official List of the Securities Exchange, and when it is admitted to the Official List of the Securities Exchange the Company may only refuse to register or prevent or interfere with the registration of a transfer of securities in the Company where permitted or required by any of the Listing Rules or Settlement Operating Rules.

8.6. Transmission by Death

The trustee, executor or administrator of a deceased shareholder (who is not one of several joint holders) is the only person recognised by the Company as having any title to securities registered in the name of the deceased shareholder provided that the Board may, subject to compliance by the transferee with these rules, register any transfer signed by a shareholder prior to the shareholder's death notwithstanding that the Company has notice of the shareholder's death.

8.7. Transmission by Operation of Law

A person (a transmittee) who establishes to the satisfaction of the Board that the right to any securities has devolved on the transmittee by will or by operation of law may be registered as a shareholder in respect of the securities or may (subject to the provisions in these rules relating to the transfers) transfer the securities provided that the Board has the same right to refuse to register the transmittee as if the transmittee was the transferee named in an ordinary transfer presented for registration.

9. General Meetings

9.1. General Meeting

- (a) General meetings of the Company may be called by the Board or any Director and held in the manner determined by the Board. Except as permitted under the Law, the shareholders may not convene a meeting of the Company. By

resolution of the Board any general meeting (other than a general meeting which has been requisitioned or called by shareholders in accordance with the Law) may be cancelled or postponed prior to the date on which it is to be held.

(b) The Chairman of a general meeting may refuse admission to, or require to leave and remain out of, the meeting any person:

- (i) in possession of a pictorial-recording or sound-recording advice;
- (ii) in possession of a placard or banner;
- (iii) in possession of an object considered by the Chairman to be dangerous, offensive or liable to cause disruption;
- (iv) who refuses to produce or to permit examination of any object, or the contents of any object or container, in the person's possession;
- (v) who behaves or threatens to behave in a dangerous, offensive or disruptive manner; or
- (vi) who is not:
 - (A) a shareholder or a proxy, attorney or representative of a shareholder;
 - (B) a Director; or
 - (C) an auditor of the Company.

9.2. Notice of General Meeting

- (a) Not less than 28 days notice of a general meeting, or such other period prescribed by the Law, may be given by the Board in the form and in the manner the Board thinks fit including notice of any general meeting at which the Board proposes or these rules require that an election of Directors be held. Notice of meetings shall be given to the shareholders, the Directors, the Securities Exchange and to such persons as are entitled to receive notice under these rules, the Law or the Listing Rules. The non-receipt of a notice of any general meeting by, or the accidental omission to give notice to, any person entitled to notice does not invalidate any resolution passed at that meeting.
- (b) If the meeting is to be held at 2 or more places the notice is to set out details of the technology that will be used to facilitate such a meeting and any other matters required to be stated by the Law in relation to the use of such technology.

10. Proceedings of Meetings

10.1. Business of General Meetings

- (a) The business of an annual general meeting is to receive and consider the financial and any other reports required by the Law to be laid before each annual general meeting, to elect Directors in the place of those retiring under these rules, when relevant to appoint an auditor, and to transact any other business which, under these rules, is required to be transacted at any annual general meeting. All other business transacted at an annual general meeting and all business transacted at other general meetings is deemed to be special. Except with the approval of the Board, with the permission of the Chairman or pursuant to Law, no person may move at any meeting either:
 - (i) in regard to any special business of which notice has been given under rule 9.2, any resolution or any amendment of a resolution; or
 - (ii) any other resolution which does not constitute part of special business of which notice has been given under rule 9.2.
- (b) The auditors and their representative are entitled to attend and be heard on any part of the business of a meeting which concerns the auditors. The auditors or their representative, if present at the meeting, may be questioned by the shareholders, as a whole, about the audit.

10.2. Quorum

Two shareholders present constitute a quorum for a meeting. No business may be transacted at any meeting except the election of a Chairman and the adjournment of the meeting unless the requisite quorum is present at the commencement of the business.

10.3. Adjournment in Absence of Quorum

If within 15 minutes after the time specified for a general meeting a quorum is not present, the meeting, if convened upon a requisition by shareholders or called by shareholders, is to be dissolved, and in any other case it is to be adjourned to the same day in the next week (or, where that day is not a business day, the business day next following that day) at the same time and place and if, at the adjourned meeting, a quorum is not present within 30 minutes after the time specified for holding the meeting, the meeting is to be dissolved.

10.4. Chairman

- (a) The Chairman of the Board is entitled to take the chair at every general meeting.

- (b) If at any general meeting:
 - (i) the Chairman of the Board is not present at the specified time for holding the meeting; or
 - (ii) the Chairman of the Board is present but is unwilling to act as Chairman of the meeting,

the deputy Chairman of the Board is entitled to take the chair at the meeting:

- (c) If at any general meeting:
 - (i) there is no Chairman of the Board or deputy Chairman of the Board;
 - (ii) the Chairman of the Board and deputy Chairman of the Board are not present at the specified time for holding the meeting; or
 - (iii) the Chairman of the Board and the deputy Chairman of the Board are present but each is unwilling to act as Chairman of the meeting,

the Directors present may choose another Director as Chairman of the meeting and if no Director is present or if each of the Directors present are unwilling to act as Chairman of the meeting, a shareholder chosen by the shareholders present is entitled to take the chair at the meeting.

10.5. Acting Chairman

If during any general meeting the Chairman acting pursuant to rule 10.4 is unwilling to act as chairman for any part of the proceedings, the Chairman may withdraw as Chairman during the relevant part of the proceedings and may nominate any person who immediately before the general meeting was a Director or who has been nominated for election as a Director at the meeting to be acting Chairman of the meeting during the relevant part of the proceedings. Upon the conclusion of the relevant part of the proceedings the acting Chairman is to withdraw and the Chairman is to resume acting as Chairman of the meeting.

10.6. General Conduct of Meeting

Except as provided by the Law, the general conduct of each general meeting of the Company and the procedures to be adopted at the meeting are as determined by the Chairman. The Chairman may at any time the Chairman considers it necessary or desirable for the proper and orderly conduct of the meeting demand the cessation of debate or discussion on any business, question, motion or resolution being considered by the meeting and require the business, question, motion or resolution to be put to a vote of the shareholders present. The Chairman may require the adoption of any

procedure which is in the Chairman's opinion necessary or desirable for the proper and orderly casting or recording of votes at any general meeting of the Company, whether on a show of hands or on a poll.

10.7. **Adjournment**

The Chairman may at any time during the course of the meeting adjourn from time to time and place to place the meeting or any business, motion, question or resolution being considered or remaining to be considered by the meeting or any debate or discussion and may adjourn any business, motion, question, resolution, debate or discussion either to a later time at the same meeting or to an adjourned meeting. If the Chairman exercises a right of adjournment of a meeting pursuant to this rule, the Chairman has the sole discretion to decide whether to seek the approval of the shareholders present to the adjournment and, unless the Chairman exercises that discretion, no vote may be taken by the shareholders present in respect of the adjournment. No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

10.8. **Voting**

- (a) Each question submitted to a general meeting is to be described in the first instance by a show of hands of the shareholders present and entitled to vote. In the case of an equality of votes, the Chairman, both on a show of hands and at a poll, has no casting vote in addition to the vote or votes to which the Chairman may be entitled as a shareholder or as a proxy, attorney or duly appointed representative of a shareholder;
- (b) On a show of hands, where the Chairman has 2 or more appointments that specify different ways to vote on a resolution, the Chairman cannot vote.

10.9. **Declaration of Vote on a Show of Hands; When Poll Demanded**

- (a) At any meeting, unless a poll is demanded, a declaration by the Chairman that a resolution has been passed or lost, having regard to the majority required, and an entry to that effect in the book to be kept of the proceedings of the Company signed by the Chairman of that or the next succeeding meeting, is conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution. A poll may be demanded:
 - (i) before a vote is taken;
 - (ii) before the voting results on a show of hands are declared; or
 - (iii) immediately after the voting results on a show of hands are declared.

- (b) A poll may be demanded by:
 - (i) the Chairman;
 - (ii) at least 5 shareholders present entitled to vote on the resolution;
 - (iii) by a shareholder or shareholders present with at least 5% of the votes that may be cast on the resolution on a poll;
- (c) No poll may be demanded on the election of a Chairman of a meeting.

10.10. Taking a Poll

If a poll is demanded as provided in rule 10.9, it is to be taken in the manner and at the time and place as the Chairman directs, and the result of the poll is deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn. In the case of any dispute as to the admission or rejection of a vote, the Chairman's determination in respect of the dispute made in good faith is final.

10.11. Continuation of Business

A demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. A poll demanded on any question of adjournment is to be taken at the meeting immediately and without adjournment.

11. Special Meetings

All the provisions of these rules as to general meetings apply to any special meeting of any class of shareholders which may be held pursuant to the operation of these rules or the Law.

12. Votes of Shareholders

12.1. Voting Rights

Subject to the restrictions on voting from time to time affecting any class of shares and subject to rules 3.5(f), 12.4 and 12.8:

- (a)
 - (i) subject to paragraphs (a)(ii) and (iii), on a show of hands, each shareholder present has one vote;
 - (ii) where a shareholder has appointed 2 persons as proxies for that shareholder, neither proxy may vote on a show of hands;

- (iii) subject to paragraphs (a) (iv), where a person is entitled to vote by virtue of paragraphs (a)(i) in more than one capacity, that person is entitled only to one vote on a show of hands; and
- (iv) if the person appointed as proxy has 2 or more appointments that specify different ways to vote on a resolution, the proxy must not vote on a show of hands; and
- (b) on a poll, each shareholder present:
 - (i) has one vote for each fully paid share held; and
 - (ii) has for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

12.2. Voting Rights of Personal Representatives, etc

Any person entitled under rules 8.6 or 8.7 to transfer any shares may vote at a general meeting in the same manner as if the person were the registered holder of the shares provided that at least 48 hours before the time of holding the meeting at which the person proposes to vote the person has satisfied the Board of the person's right to transfer the shares, unless the Board has previously admitted the person's right to vote at the meeting in respect of the shares.

12.3. Appointment of Proxies

- (a) Any shareholder entitled to vote at a general meeting may appoint a proxy. Any shareholder who is entitled to cast 2 or more votes at a general meeting may appoint not more than 2 proxies to vote at a general meeting on that shareholder's behalf and may direct the proxy or proxies to vote for or against or to abstain or to vote at the proxy's discretion in relation to each or any resolution but need not so direct their proxy or proxies on any particular resolution.
- (b) The Company must record in the minutes of a general meeting, in respect of each resolution in the notice of meeting, the total number of proxy votes exercisable by all proxies validly appointed and:
 - (i) if the resolution is decided on a show of hands - the total number of proxy votes in respect of which the appointment specified that:
 - (A) the proxy is to vote for the resolution;

- (B) the proxy is to vote against the resolution;
 - (C) the proxy is to abstain on the resolution;
 - (D) the proxy is to vote at the proxy's discretion.
- (ii) if the resolution is decided on a poll - the information specified in paragraph (b)(i) and the total number of votes cast on the poll:
 - (A) in favour of the resolution;
 - (B) against the resolution;
 - (C) abstaining on the resolution.
- (c) A proxy need not be a shareholder in the Company.
- (d) Where a shareholder appoints 2 proxies and each proxy is not appointed to represent a specified proportion of the shareholder's voting rights, then each proxy may exercise half of the shareholder's voting rights.
- (e) The instrument appointing a proxy (and the power of attorney, if any, under which it is signed or proof of the power of attorney to the satisfaction of the Board) must be deposited duly stamped (if necessary) at the Office, faxed to the Office or deposited, faxed or sent by electronic mail to any other place specified in the notice of meeting at least 48 hours (or a lesser period as the Directors may determine and stipulate in the notice of meeting) before the time for holding the meeting or adjourned meeting or poll at which the person named in the instrument proposes to vote.
- (f) No instrument appointing a proxy is, except as provided in this rule, valid after the expiration of 12 months after the date of its execution. Any shareholder may deposit at the Office an instrument duly stamped (if necessary) appointing a proxy and the appointment is valid for all or any stipulated meetings of the Company.

12.4. Voting by Corporation

Any corporation, being a shareholder and entitled to vote, may by resolution of its directors or other governing body or by an instrument of proxy authorise any person, though not a shareholder of the Company, or any person occupying a particular office from time to time, to act as its representative at meetings, and such representative is, in accordance with his authority and until his authority is revoked by the corporation which he represents, entitled to exercise the same powers on behalf of the corporation which

he represents as that corporation could exercise if it were a natural person who was a shareholder.

12.5. **Validity of Vote**

A vote given in accordance with the terms of an instrument of proxy or power of attorney is valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy or power of attorney or transfer of the shares in respect of which the vote is given, provided no notice in writing of the death, unsoundness of mind, revocation or transfer has been received at the Office before the meeting or any adjourned meeting. A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy is proposed to be used.

12.6. **Form and Execution of Instrument of Proxy**

- (a) An instrument appointing a proxy is required to be in writing signed by the appointer or the attorney of the appointor or, if the appointor is a corporation, under its common seal or signed by a duly authorised officer in the form which the Board may from time to time prescribe to accept (which may include by electronic means). The instrument of proxy is deemed to include the right to demand or join in demanding a poll and (except to the extent to which the proxy is specifically directed to vote for or against any proposal) the power to act generally at the meeting for the person giving the proxy.
- (b) An instrument appointing a proxy, unless the contrary is stated, is valid for any adjournment of the meeting, as well as for the meeting to which it relates. Any duly signed proxy which is incomplete may be completed by the Secretary on authority from the Board and the Board may authorise completion of the proxy by the insertion of the name of any member of the Board as the person in whose favour the proxy is given.

12.7. **Board to Issue Forms of Proxy**

The Board may issue with any notice of general meeting of shareholders or any class of shareholders forms of proxy for use by the shareholders. Each form shall make provision for the shareholder to write in the name of the person or persons to be appointed as proxy and may provide that, if the shareholder does not so write in one or more names, the proxy shall be one or more persons named on the form. The form may include the names of any of the Directors or of any other persons as suggested proxies. The forms are to be worded so that a proxy may be directed to vote either for or against each or any of the resolutions to be proposed.

12.8. **Attorneys of Shareholders**

Any shareholder may, by duly executed power of attorney, appoint an attorney to act on the shareholder's behalf at all or certain specified meetings of the Company. Before the attorney is entitled to act under the power of attorney, the power of attorney or proof of the power of attorney to the satisfaction of the Board must be produced for inspection at the Office or any other place the Board may determine from time to time together, in each case, with evidence of the due execution of the power of attorney as required by the Board. The attorney may be authorised to appoint a proxy for the shareholder granting the power of attorney.

12.9. Rights of Shareholder indebted to Company in Respect of Other shares

Subject to any restrictions from time to time affecting the right of any shareholder or class of shareholders to attend any meeting, a shareholder holding a share in respect of which for the time being no call is due and payable to the Company is entitled to be present at any general meeting and to vote and be reckoned in a quorum notwithstanding that any call is then due and payable to the Company by the shareholder in respect of any other share held by the shareholder provided that, upon a poll, a shareholder is only entitled to vote in respect of shares held by the shareholder upon which, at the time when the poll is taken, no call is due and payable to the Company.

13. Directors

13.1. Number and Appointment of Directors

- (a) The names of the first Directors are those persons named as directors in the application for registration of the Company;
- (b) The number of Directors (not including alternate Directors) is required to be the number, not being less than 3 nor more than 10, which the Board may from time to time determine provided that the Board may not reduce the number below the number of Directors in office at the time of the reduction.
- (c) All Directors are required to be natural persons.

13.2. Power to Appoint Directors

The Board has the power at any time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board but so that the number of Directors does not exceed the maximum number determined pursuant to rule 13.1(b). Any Director appointed under this rule may hold office only until the next annual general meeting of the Company and is then eligible for election at that meeting but is not to be taken into account in determining the number of Directors who are to retire by rotation at the meeting.

13.3. Remuneration of Directors

- (a) Subject to paragraph (b), the Directors are to be paid out of the funds of the Company as remuneration for their services as Directors, such sum accruing from day to day as the Company in general meeting determines to be divided among them in such proportion and manner as they agree or in default of agreement equally. This rule does not limit the remuneration that may be paid to the Managing Director or Executive Directors under rule 17;
- (b) Subject to rules 17.1 and 17.3, the Directors' remuneration for their services as Directors is by fixed sum and not a commission on or percentage of profits or operating revenue and may not be increased except at a general meeting where particulars of the proposed increase have been given to the shareholders in the notice convening the meeting.

13.4. Remuneration of Directors for Extra Services

Any Director who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, or who at the request of the Board engages in any journey on the business of the Company, may be paid extra remuneration as determined by the Board.

13.5. Travelling and Other Expenses

Every Director is, in addition to any other remuneration provided for in these rules, entitled to be paid from Company funds all reasonable travel, accommodation and other expenses incurred by the Directors in attending meetings of the Company or of the Board or of any Committee or while engaged on the business of the Company.

13.6. Retirement Benefits

Any director may be paid a retirement benefit, as determined by the Board, in accordance with the Law and the Listing Rules. The Board is authorised to make arrangements with any Director with respect to the payment of retirement benefits in accordance with this rule.

13.7. Directors may contract with Company

- (a) A Director is not disqualified by the office of Director from contracting or entering into any arrangement with the Company or any other person either as vendor, purchaser or otherwise and no contract or arrangement entered into with the Company or any other person by a Director or any contract or arrangement entered into by or on behalf of the Company or any other person in which a Director is in any way interested may be avoided for that reason. A Director is

not liable to account to the Company for any profit realised by any contract or arrangement, by reason of holding the office of Director or of the fiduciary relationship established by the office.

- (b) Unless otherwise permitted by the Law or the Listing Rules, no Director may as a Director vote in respect of any contract or arrangement in which the Director has directly or indirectly any material interest and if the Director does vote his vote may not be counted nor shall the Director be counted in the quorum present at the meeting but either or both of these prohibitions may at any time be relaxed or suspended to any extent by ordinary resolution passed at a general meeting.
- (c) To the extent and in the manner required by the Listing Rules, the Company shall inform the Securities Exchange of any material contract involving Directors' interests.
- (d) A Director who is interested in any contract or arrangement may, notwithstanding the interest, attest the affixing of the Seal, if any, to any document evidencing or otherwise connected with the contract or arrangement.

13.8. Director May Hold Other Office

- (a) A Director may hold any office or position under the Company (except that of auditor) in conjunction with the office of Director, on terms and at a remuneration in addition to remuneration (if any) as a Director, as the Board approves.
- (b) A Director may be or become a director of or hold any other office or position under any corporation promoted by the Company, or in which it may be interested, whether as a vendor or shareholder or otherwise, or with any other corporation or organisation, and the Director is not accountable for any benefits received as a director or shareholder of or holder of any other office or position under that corporation or organisation.

13.9. Exercise of Voting Power in Other Corporation

The Board may exercise the voting power conferred by the shares in any corporation held or owned by the Company as the Board thinks fit (including the exercise of the voting power in favour of any resolution appointing the Directors or any of them directors of that corporation or voting or providing for the payment of remuneration to the directors of that corporation) and a Director of the Company may vote in favour of the exercise of those voting rights notwithstanding that the Director is, or may be about to be appointed, a director of that other corporation and may be interested in the exercise of those voting rights.

13.10. Directors May Lend to the Company

Any Director may lend to the Company at interest with or without security or may, for a commission or profit, guarantee the repayment of any money borrowed by the Company and underwrite or guarantee the subscription of shares or securities of the Company or of any corporation in which the Company may be interested without being disqualified in respect of the office of Director and without being liable to account to the Company for the commission or profit.

14. Alternate Directors

14.1. Director May Appoint Alternate Director

Subject to these rules, each Director has power from time to time to appoint any person to act as an alternate Director in the Director's place, whether for a stated period or periods or until the happening of a specified event or from time to time, whenever by absence or illness or otherwise the Director is unable to attend to duties as a Director. The Director must first seek and obtain the consent of the Board to the appointment, which consent is not to be unreasonably withheld or delayed. The appointment is to be in writing and signed by the Director and a copy of the appointment is to be given by the appointing Director to the Company by forwarding or delivering it to the Office. The appointment takes effect immediately upon receipt of the appointment at the Office. The following provisions apply to an alternate Director:

- (a) the alternate Director may be removed or suspended from office upon receipt at the Office of written notice, letter, facsimile transmission or other form of visible communication from the Director by whom the alternate Director was appointed to the Company;
- (b) the alternate Director is entitled to receive notice of meetings of the Board and to attend and vote at the meetings if the Director by whom the alternate Director was appointed is not present;
- (c) the alternate Director is entitled to exercise all the powers (except the power to appoint an alternate Director) and perform all duties of a Director, in so far as the Director by whom the alternate Director was appointed had not exercised or performed them;
- (d) the alternate Director is not, unless the Board otherwise determines (without prejudice to the right to reimbursement for expenses pursuant to rule 13.5) entitled to receive any remuneration as a Director from the Company, and any remuneration (not including remuneration authorised by the Board or reimbursement for expenses) paid to the alternate Director by the Company is to be deducted from the reimbursement of the Director by whom the alternate Director was appointed;

- (e) the office of the alternate Director is vacated upon the vacation of office by the Director, or by written resignation being given to the Company by the Director, by whom the alternate Director was appointed;
- (f) the alternate Director is not be taken into account in determining the number of Directors or rotation of Directors; and
- (g) the alternate Director is, while acting as a Director, responsible to the Company for the alternate Director's own acts and defaults and is not to be deemed to be the agent of the Director by whom the alternate Director was appointed.

15. Vacation of Office Director

15.1. Vacation of Office by Director

- (a) The office of a Director is vacated:
 - (i) upon the Director becoming an insolvent under administration, suspending payment generally to creditors or compounding with or assigning the Director's estate for the benefit of creditors;
 - (ii) upon the Director becoming a person of unsound mind or a person who is a patient under laws relating to mental health or whose estate is administered under laws relating to mental health;
 - (iii) upon the Director being absent from meetings of the Board during a period of 3 consecutive calendar months without leave of absence from the Board where the Board has not, within 14 days of having been served by the Secretary with a notice giving particulars of the absence, resolved that leave of absence be granted;
 - (iv) upon the Director resigning office by notice in writing to the Company;
 - (v) upon the Director being removed from office pursuant to the Law; or
 - (vi) upon the Director being prohibited from being a Director by reason of the operation of the Law.
- (b) A Director who vacates office pursuant to rule 15.1 is not to be taken into account in determining the number of Directors who are to retire by rotation at any annual general meeting.

15.2. Directors Who are Employees of the Company

The office of a Director who is an employee of the Company and/or any of its subsidiaries becomes vacant upon the Director ceasing to be employed (so that he is no longer employed by the Company or any subsidiary of the Company) but the person concerned is eligible for reappointment or re-election as a Director of the Company.

16. Election of Directors

16.1. Retirement of Directors

Without prejudice to rules 13.2 and 15.1(b), at every annual general meeting, one third of the Directors (other than any Managing Director) or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A Director (other than a Director who is a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected. A Retiring Director retains office until the dissolution or adjournment of the meeting at which the Retiring Director retains office until the dissolution or adjournment of the meeting at which the Retiring Director retires.

16.2. Who Must Retire?

The Directors to retire pursuant to rule 16.1 are the Directors or Director longest in office since last being elected. As between Directors who were elected on the same day the Directors to retire are (in default of agreement between them) determined by ballot. The length of time a Director has been in office is calculated from the Director's last election or appointment. A Retiring Director is eligible for re-election.

16.3. Nomination of Directors

No person (other than a Retiring Director) is eligible for election to the office of Director at any general meeting unless the person or some shareholder intending to nominate the person has given notice in writing signed by the nominee giving consent to the nomination and signifying either candidature for the office or the intention of the shareholder to nominate the nominee. To be valid, the notice is required to be left at the Office not less than the period permitted by the Listing Rules, but no more than 10 days after this period, before the meeting unless the nominee has been recommended by the Board for election, in which case the notice is required to be left at the Office at least 5 business days before the meeting.

17. Managing Director and Executive Directors

17.1. Appointment of a Managing Director

The Board may from time to time appoint one of the Board to be Managing Director (who may bear that title or any other determined by the Board) for a period ending on the

happening of events (if any) stipulated by the Board, at a remuneration which may be by way of salary or commission on or participation in profits or by any or all of these methods (but not by a commission on or percentage of operating revenue) and otherwise on terms as determined by the Board from time to time. The Board may confer upon a Managing Director any of the powers exercisable under these rules by the Board as it thinks fit and upon any conditions it thinks expedient but the conferring of powers by the Board upon a Managing Director does not exclude the exercise of those powers by the Board.

17.2. Managing Director Not to be Subject to Retirement by Rotation

A Managing Director is not subject to retirement as a Director by rotation while continuing to hold the office of Director and is not to be taken into account in determining the rotation or retirement of Directors or the number of Directors to retire, but is subject to the same provisions as to resignation and removal as the other Directors of the Company. A Managing Director ceases to be a Managing Director if the Managing Director ceases to hold office as a Director.

17.3. Appointment of Executive Directors

The Board may from time to time appoint one or more of the Board to be an Executive Director for a period ending on the happening of events (if any) stipulated by the Board, at a remuneration which may be by way of salary or commission on or participation in profits or by any or all of these methods (but not by a commission on or percentage of operating revenue) and otherwise on terms as determined by the Board from time to time. The Board may confer upon an Executive Director any of the powers exercisable under these rules by the Board as it thinks fit and upon any conditions it thinks expedient but the conferring of powers by the Board upon an Executive Director does not exclude the exercise of those powers by the Board.

18. Proceedings of Directors

18.1. Procedures Relating to Directors' Meetings

The Board may meet together, upon each Director being given reasonable notice, for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Until otherwise determined by the Board, 3 Directors form a quorum. Notice is deemed to have been given to a Director and all Directors are hereby deemed to have consented to the method of giving notice if notice is sent by mail, personal delivery, facsimile transmission or by electronic mail to the usual place of residence, fax number or electronic address of the Director (if any, fax number or electronic address is notified to the Company) or at any other address given to the Secretary by the Director from time to time, subject to the right of the Director to withdraw their consent within a reasonable period before a meeting.

18.2. Meetings by Telephone or Other Means of Communication

The Directors may meet either in person or by telephone or by other means of communication consented to by all Directors subject to the right of a Director to withdraw their consent within a reasonable period before a meeting. All persons participating in the meeting must be able to hear and be heard by all other participants. A meeting conducted by telephone or other means of communication is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one of the Directors present at the meeting is at that place for the duration of the meeting.

18.3. Votes at Meetings

Questions arising at any meeting of the Board are decided by a majority of votes.

18.4. Convening of Meetings

The Board may at any time, and the Secretary, upon the request of any one Director, must convene a meeting of the Board.

18.5. Chairman

The Board may elect a Chairman and a deputy Chairman of its meetings and determine the period for which each is to hold office. If no Chairman or deputy Chairman is elected or if at any meeting the Chairman and the deputy Chairman are not present at the time specified for holding the meeting (or, if being present, the relevant Directors refuse to act as Chairman or deputy Chairman), the Directors present may choose one of their number to be Chairman of the meeting.

18.6. Powers of Meetings

A meeting of the Board or any adjournment of a meeting at which a quorum is present is competent to exercise any of the authorities, powers and discretions for the time being vested in or exercisable by the Board.

18.7. Delegation of Powers to Committees

The Board may, subject to the constraints imposed by the law, delegate any of its powers to Committees consisting of one or more Directors or any other person or persons as the Board thinks fit. Any Committee formed or person or persons appointed to the Committee must, in the exercise of the powers delegated, conform to any regulations that may from time to time be imposed by the Board. A delegate of the Board may be authorised to subdelegate any of the powers for the time being vested in the delegate.

18.8. Proceedings of Committees

The meetings and proceedings of any Committee are to be governed by the provisions of these rules for regulating the meetings and proceedings of the Board so far as they are applicable and are not superseded by any regulations made by the Board under rule 18.7.

18.9. Validity of Acts

- (a) All acts done at any meeting of the Board or by a Committee or by any person acting as a Director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any of the Directors or the Committee or the person acting as a Director or that any of them were disqualified, as valid as if every person had been duly appointed and was qualified and continued to be a Director or a member of the Committee (as the case may be).
- (b) if the number of Directors is reduced below the minimum number fixed pursuant to these rules, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of calling a general meeting of the Company but for no other purpose.

18.10. Resolution in Writing

A resolution in writing of which notice has been given to all Directors and which is signed by all of the Directors entitled to vote on the resolution is as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted and may consist of several documents in the same form each signed by one or more of the Directors. For the purposes of this rule the references to Directors include any alternate Director for the time being present in Australia who is appointed by a Director not for the time being present in Australia but do not include any other alternate Director. A facsimile transmission or other document produced by mechanical or electronic means under the name of a Director with the Director's authority is deemed to be a document in writing signed by the Director.

19. Powers of the Board

19.1. General Powers of the Board

The management and control of the business and affairs of the Company are vested in the Board, which (in addition to the powers and authorities conferred upon them by these rules) may exercise all powers and do all things as are within the power of the Company and are not by these rules or by Law directed or required to be exercised or done by the Company in general meeting.

19.2. Power to Borrow and Guarantee

Without limiting the generality of rule 19.1, the Board may exercise all the powers of the Company to raise or borrow money, may guarantee the debts or obligations of any person and may enter into any other financing arrangement, in each case in the manner and on the terms it thinks fit.

19.3. Power to Give Security

Without limiting the generality of rule 19.1, the Board may charge any property or business of the Company or any of its uncalled capital and may issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person, in each case, in the manner and on the terms it thinks fit.

19.4. Power to Authorise Debenture Holders, etc to Make Calls

Without limiting the generality of rule 19.1, if any uncalled capital of the Company is included in or charged by any debenture, mortgage or other security, the Board may, by instrument under the Seal, or other appropriate instrument, authorise the person in whose favour the debenture, mortgage or other security is executed or any other person in trust for him to make calls on the shareholders in respect of that uncalled capital and to sue in the name of the Company or otherwise for the recovery of moneys becoming due in respect of calls made and to give valid receipts for those moneys, and the authority subsists during the continuance of the debenture, mortgage or other security, notwithstanding any change in the Directors, and is assignable if expressed to be.

19.5. Power to Issue Securities

Any bonds, debentures or other securities may be issued with or without the right of or obligation on the holder thereof to exchange the same in whole or in part of shares in the Company at a certain or uncertain time or with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings the Company, appointment of Directors and otherwise and generally with such rights and options and upon such conditions in all respects as the Board thinks fit.

19.6. Personal Liability of Officer

If the Board or any member thereof or any officer of the Company becomes personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the persons or person so becoming liable as aforesaid from any loss in respect such liability.

19.7. Disposal of Main Undertaking

Any sale or disposal of the Company's main undertaking is conditional upon approval or ratification by the Company in general meeting. No person who may benefit (other than

as a holder of securities issued by the Company) from the sale or disposal, and no associate of such person, may vote on any resolution to approve or ratify the sale or disposal.

20. Branch Register

The Company may cause to be kept a branch register of shareholders in accordance with, and as permitted by the Law.

21. The Seal

21.1. Execution of Cheques, Bills etc

All cheques, bills of exchange and promissory notes are to be signed, drawn, made, accepted or endorsed (as the case may be) for and on behalf of the Company by 2 directors, or by one Director and the Secretary or some other officer authorised by the Board, or in such other manner as the Board may from time to time determine.

21.2. Company seal is optional

The Company may have a Seal.

21.3. Affixing the Seal

If the Company has a Seal, the Board is to provide for its safety and it should only be used by the authority of the Board. Every instrument to which the Seal is affixed is to be signed by a Director and countersigned by the Secretary or by a second Director or by another person appointed by the Board for the purpose. The Board may determine either generally or in any particular case that a signature may be affixed by a mechanical means specified in the determination.

21.4. Execution of documents without a Seal

The Company may execute a document, including a deed, by having the document signed by:

- (a) 2 directors;
- (b) a director and the Secretary; and

if the Company executes a deed, the document is to be expressed as a deed and be executed in accordance with the appropriate procedures set out in rule 21.3 or this rule.

21.5. Other ways of executing documents

Notwithstanding the provisions of rules 21.3 and 21.4, any document including a deed, may also be executed by the Company in any other manner permitted by law.

22. Minutes

The Board must ensure that minutes are duly recorded in any manner it thinks fit:

- (a) of the names of the Directors present at each meeting of the Board and of any Committees; and
- (b) of all resolutions and proceedings of general meetings of the Company and of meetings of the Board and any Committees,

and the minutes of any meeting of the Board or any Committee or of the Company, if purporting to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting, are prima facie evidence of the matters stated in the minutes.

23. Dividends

23.1. Payment of Dividend

The Board may from time to time determine that a dividend is payable to the shareholders out of the profits of the Company or as otherwise permitted by Law. The dividend is (subject to the rights of, or any restrictions on, the holders of shares created or raised under any special arrangement as to dividend) payable on all shares pro rata to the total amount for the time being paid, but not credited as paid, in respect of the shares as a proportion of the total of the amounts then paid and payable thereon, excluding amounts credited, and may be paid at a rate per annum in respect of a specified period provided that (for the purposes of this rule) no amount paid on a share in advance of calls is to be treated as paid on that share.

23.2. Dividend Plans

- (a) The Board may establish and maintain one or more dividend plans (including the establishment of rules) pursuant to which shareholders may elect with respect to some or all of their shares (subject to the rules of the relevant plan):
 - (i) to reinvest in whole or in part dividends paid or payable or which may become payable by the Company to the shareholder in cash by subscribing for shares in the capital of the Company;
 - (ii) to receive a dividend from the Company by way of allotment of shares paid up from such account or reserves from which shares may be issued under the Law;

- (iii) that dividends from the Company not be paid and that instead a payment or distribution other than a dividend be made by the Company;
 - (iv) that cash dividends from the Company not be paid and that instead a cash dividend be received from a related corporation nominated by the Board;
 - (v) to participate in a dividend plan, including but not limited to a plan pursuant to which shareholders may elect to receive a dividend from the Company or any related corporation which is less in amount but franked to a greater extent than the ordinary cash dividend that would be payable by the Company or any related corporation or to receive a dividend from the Company or any related corporation which is greater in amount but franked to a lesser extent than the ordinary cash dividend that would be payable by the Company or any related corporation.
- (b) Pursuant to a dividend plan established in accordance with rule 23.2(a), any shareholder may elect for a specified period or for a period to be determined by specified notice (in either case determined by the Directors and prescribed in the rules of the plan) that all or some of the ordinary shares held by that shareholder and designated by the shareholder in accordance with the rules of the plan (designated shares) will participate in the dividend plan. During that period the designated shares will be entitled to participate in the dividend plan subject to the rules of the dividend plan;
- (c) In the event of any inconsistency between any dividend plan established in accordance with rule 23.2(a) or rules of any dividend plan and these rules these rules shall prevail;
- (d) The Directors are authorised to do all things which they consider to be desirable or necessary for the purpose of implementing every dividend plan established in accordance with rule 23.2(a);
- (e) The Directors are authorised to vary the rules of the dividend plan established in accordance with rule 23.2(a) at their discretion and to suspend or terminate any dividend plan at their discretion. Any dividend plan may also be suspended, terminated or varied by resolution of a general meeting of the Company.

23.3. Employee Share Plan

Subject to the Listing Rules, the Board may, in addition to its powers under rule 23.8, resolve to apply the whole or a portion of any sum, standing to the credit of any reserve or other account in paying up in full unissued shares of the Company to be issued to the holders of shares, options or other securities of the Company in accordance with, or to give effect to, the terms of any plan for the issue of shares, rights to shares or options to

acquire shares to or for the benefit of employees which has been approved by the Company by special resolution in general meeting.

23.4. Interim Dividends

The Board may from time to time pay to the shareholders on account of the next forthcoming dividend any interim dividend as in its judgement the position of the Company justifies.

23.5. Reserves

The Board may, in priority to any dividend, set aside out of the profits of the Company any sums as it thinks proper as a reserve, which at the discretion of the Board may be applicable for any purpose to which the profits of the Company may be properly applied, and pending application, may be employed in the business of the Company or be invested in any investments the Board may from time to time think fit. Any income derived from or accretions to such shares, securities or other investments may either be carried to the credit of the reserve funds represented by such shares, securities or other investments or be dealt with as profits arising from the business of the Company.

23.6. Distribution Otherwise Than in Cash

When declaring a dividend the Board may:

- (a) direct payment of the dividend wholly or in part by the distribution of specific assets or documents of title and in particular of paid up shares, debentures or debenture stock of the Company or any other company; and
- (b) (if the Company in general meeting has approved the adoption of a dividend plan), determine and announce that each shareholder entitled to participate in the dividend may elect that the payment of the dividend be satisfied in respect of all, or a number of shares less than all of the shares held by the shareholder by the allotment of paid up shares in accordance with the dividend plan.

23.7. Power to Capitalise Profits

Subject to the Listing Rules, the Board may resolve that the whole or any portion of any sum forming part of the undivided profits of the Company or standing to the credit of any reserve or other account and which is available for distribution, be capitalised and distributed to shareholders in the same proportions in which they would be entitled to receive it if distributed by way of dividend or in accordance with either the terms of issue of any share or the terms of any plan for the issue of securities for the benefit of officers or employees. All or any part of the sum is to be applied on the behalf of shareholders either in paying up the amounts for the time being unpaid on any issued shares held by them, or in paying up in full unissued shares or other securities the Company (of an

aggregate amount equal to the amount capitalised) which are to be issued to them accordingly, or partly in one way or partly in the other.

23.8. Appropriation and Application of Amounts to be Capitalised

The Board may specify the manner in which any fractional entitlements and any difficulties relating to distribution are to be dealt with and, without limiting the generality of the foregoing, may specify that fractions are to be disregarded or that any fractional entitlements are to be increased to the next whole number or that payments in cash in lieu of fractional entitlements be made. The Board may make all necessary appropriations and applications of the amount to be capitalised pursuant to rule 23.8 and all necessary allotments and issues of fully paid shares or debentures. Where required, the Board may appoint a person to sign a contract on behalf of the shareholders entitled upon a capitalisation to any shares or debentures, which provides for the issue to them, credited as fully paid of any further shares or debentures or for the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised.

23.9. Transfer of Shares

A transfer of shares registered after the transfer books close for dividend purposes, but before a dividend is payable does not pass the right to any dividend fixed for payment before the books are closed.

23.10. Retention of Dividends

The Board may retain the dividends payable on shares which any person is under rules 8.6 or 8.7 entitled to transfer until the person becomes registered as a shareholder in respect of the shares or duly transfers them. The Board may also retain any dividends on or in respect of which (or on or in respect of the shares upon which any such dividend is payable) the Company has a lien or charge under rule 6.8 and may apply the same in or towards satisfaction of the calls, instalments or sums owing in respect of which the lien or charge exists.

23.11. How Dividends are Payable

Payment of any dividend may be made in any manner and by any means as determined by the Board. Without prejudice to any other method of payment which the Board may adopt any dividend may be paid by cheque or warrant made payable to the shareholder entitled to the dividend or in the case of joint holders to the shareholder whose name stands first in the Register in respect of the joint holding. Payment of any dividend may be made by sending the cheque, warrant or other means of payment to the shareholder entitled to the dividend through the post to the shareholder's Registered address, and upon posting every payment of any dividend is at the risk of the shareholder.

23.12. Unclaimed Dividends

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed or otherwise disposed of according to law.

23.13. No Interest on Dividends

The Company is not required to pay any interest on a dividend.

24. Notices

24.1. Service of Notices

A notice may be given by the Company to any shareholder, or in the case of the joint holders to the shareholder whose name stands first in the Register, personally, by leaving it at the shareholder's Registered address or by sending it by prepaid post or to the shareholder's Registered address or by sending it to the facsimile transmission address or electronic address nominated by the shareholder (if any). All notices to persons whose registered address is not in Australia are to be sent by pre-paid post by airmail, by fax or in some other way that ensures they will be received quickly.

24.2. When Notice is Deemed to be Served

Any notice sent by post is deemed to have been served at the expiration of 48 hours after the envelope containing the notice is posted and, in proving service, it is sufficient to prove that the envelope containing the notice was properly addressed and posted. Any notice served on a shareholder personally or left at the shareholder's Registered address is deemed to have been served when delivered. Any notice served on a shareholder by facsimile transmission is deemed to have been served when the transmission is sent. A facsimile is deemed to be duly sent when the Company's facsimile system generates a message confirming successful transmission of the total number of pages of the notice to the addressee. Any notice served on a shareholder by electronic means is deemed to have been served when the electronic message is sent.

24.3. Shareholder Not Known at Registered Address

Where a shareholder does not have a Registered address or where the Company has bona fide reasons to believe that a shareholder is not known at the shareholder's Registered address, all future notices are deemed to be given to the shareholder if the notice is exhibited in the Office for a period of 48 hours (and is deemed to be duly served at the commencement of that period) unless and until the shareholder informs the Company of a registered place of address.

24.4. Signature of Notice

The signature to any notice to be given by the Company may be written or printed.

24.5. Reckoning of Period of Notice

Where a given number of days' notice or notice extending over any other period is required to be given the day of service is not to be reckoned in the number of days or other period.

24.6. Notice to Transferor Binds Transferee

Every person who, by operation of law, transfer or any other means becomes entitled to be registered as the holder of any shares is bound by every notice which, prior to the person's name and address being entered in the Register in respect of those shares, was duly given to the person from whom the person derives title to those shares.

24.7. Service on Deceased Shareholders

A notice delivered or sent by post to the Registered address of a shareholder pursuant to these rules is (notwithstanding that the shareholder is then dead and whether or not the Company has notice of the shareholder's death) deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by the shareholder, until some other person is registered in the shareholder's place as the holder or joint holder and the service is for all purposes deemed to be sufficient service of the notice or document on the shareholder's heirs, executors or administrators and all persons (if any) jointly interested with the shareholder in the shares.

24.8. Persons Entitled to Notice of General Meeting

- (a) Notice of every general meeting is to be given to:
 - (i) each member individually who is entitled to vote at general meetings of the Company;
 - (ii) each Director;
 - (iii) each person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and
 - (iv) the auditor for the time being of the Company; and
 - (v) the Securities Exchange.

- (b) No other person is entitled to receive notices of general meetings unless they are required to receive a notice under the Law or the Listing Rules.

25. Winding Up

- (a) If the Company is being wound up and the assets available for distribution among shareholders ("the surplus assets") are insufficient to repay the whole of the paid up capital, the surplus assets must be distributed as follows:
 - (i) the surplus assets must be applied first in repayment of the capital paid up on all shares that are not at the commencement of the winding up Restricted Securities and so that, if the surplus assets are insufficient to repay the whole of the capital paid up on those shares, the losses are borne by the holders of those shares, as nearly as may be, in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on such of those shares as are held by them respectively; and
 - (ii) the remainder (if any) of the surplus assets must be applied in repayment of the capital paid up on all shares that are, at the commencement of the winding up, Restricted Securities and so that the losses are borne by the holders of those shares, as nearly as may be, in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on such of those shares as are held by them respectively.
- (b) With effect on and from the date specified by the conditions of issue of a Restricted Security, that Restricted Security is, by force of this rule 25, classified as an ordinary share ranking *pari passu* in all respects with and forming one class with the then issued ordinary shares in the capital of the Company.
- (c) If in a winding up the assets available for distribution among shareholders as such are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess must be distributed among the shareholders in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively.
- (d) This rule 25 does not add to or detract from the rights of the holders of preference shares or other shares issued on special terms and conditions.
- (e) When the Company is being wound up the liquidator may with the approval of a special resolution:
 - (i) distribute the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in kind among some or all

of the shareholders and for that purpose set such value as the liquidator considers fair on the property so distributed and determine how the distribution is to be carried out as between different shareholders or different classes of shareholders; and

- (ii) vest the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in trustees on such trusts for the benefit of some or all of the shareholders or some or all of any class of shareholders as are approved by the special resolution,

but a shareholder may not be compelled to accept any shares in a body corporate or other securities in respect of which there is a liability.

26. Indemnity

26.1. Indemnity for/in favour of Directors, Secretaries & Executive Officers

Subject to the law, the Company must indemnify every person who is or has been a Director, Secretary or executive officer of the Company against a liability:

- (a) incurred by the person acting:
 - (i) in their capacity as a Director, Secretary or executive officer of the Company; or
 - (ii) acting at the direction of the Company as an officer of an entity that the Company has made an investment in,

to a person other than the Company or a related body corporate where the liability does not arise out of a lack of good faith;
- (b) for the costs and expenses incurred by the person:
 - (i) in defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted; or
 - (ii) in connection with an application, in relation to such proceedings, in which the court grants relief to the person under the law.

26.2. Indemnity to Employees

Every employee who is not a Director, Secretary or executive officer of the Company may be indemnified out of the property of the Company against a liability:

- (a) incurred by the employee acting in that capacity;

- (b) for the costs and expenses incurred by an employee:
 - (i) in defending proceedings, whether civil or criminal, in which judgment is given in favour of the employee or in which the person is acquitted; or
 - (ii) in connection with an application, in relation to such proceedings, in which the court grants relief to the employee under the Law.

26.3. Insurance

- (a) Subject to the law, the Company may pay insurance premiums in respect of insurance for the benefit of every person who is or has been a Director, Secretary or executive officer acting in that capacity against:
 - (i) costs and expenses in defending any proceedings, whether civil or criminal, whatever their outcome; or
 - (ii) a liability arising from negligence or other conduct not being a liability incurred by the person acting in that capacity and arising out of conduct involving a wilful breach of duty in relation to the Company or a breach of the provisions of the Law dealing with improper use of inside information or position.
- (b) The Company may pay insurance premiums in respect of insurance for the benefit of the auditor or an employee of the Company who is not a Director, Secretary or executive officer concerned in the management of the Company.

27. Partial Takeovers

27.1. Interpretation

For the purposes of this rule:

- (a) Proportional Takeover Bid has the same meaning as given to that term by section 9 of the Law;
- (b) Relevant Day, in relation to a Proportional Takeover Bid, means the day that is 14 days before the end of the period during which the offers under the Proportional Takeover Bid remain open;

a reference to a person associated with another person has the meaning given to that expression by Division 2 of Part 1.2 of the Law.

27.2. Approval of Proportional Takeovers Bids

- (a) Subject to the Listing Rules, where offers have been made under a Proportional Takeover Bid in respect of shares in a class of shares in the Company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover scheme is prohibited unless and until a resolution (in this rule referred to as an Approving Resolution) to approve the Proportional Takeover Bid is passed in accordance with the provisions of this rule;
- (b) Where offers have been made under a Proportional Takeover Bid in respect of shares in a class of shares in the Company;
 - (i) a person (other than the offeror or an associate of the offeror) who, as at the end of the day of which the first offer under the Proportional Takeover Bid was made, held shares in that class is entitled to vote on an Approving Resolution and, for the purpose of so voting, is entitled to one vote for each of the shares held in that class; and
 - (ii) an offeror or an associate of the offeror is not entitled to vote on an Approving Resolution.
- (c) An Approving Resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution;
- (d) The provisions of these rules that apply in relation to a general meeting of the Company, with such modifications as the circumstances require, apply in relation to a meeting that is convened to vote on an Approving Resolution as if such a meeting was a general meeting of the Company;
- (e) An Approving Resolution that has been voted on in accordance with this rule, is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is taken to have been rejected;
- (f) Where offers have been made under a Proportional Takeover Bid then the Board must ensure that a resolution to approve the Proportional Takeover Bid is voted on in accordance with this rule before the Relevant Day.
- (g) Where a resolution to approve a Proportional Takeover Bid is voted on, in accordance with this rule, before the Relevant Day, the Company must, on or before the Relevant Day:
 - (i) give to the offeror; and

- (ii) serve on each notifiable securities exchange in relation to the Company,

a notice in writing stating that a resolution to approve the Proportional Takeover Bid has been voted on and that the resolution has been passed, or has been rejected, as the case requires;
- (h) Where, at the end of the day before the Relevant Day no resolution to approve the Proportional Takeover Bid has been voted on in accordance with this rule, a resolution to approve the takeover bid is to be, for the purpose of this rule, deemed to have been passed in accordance with this rule;
- (i) Where a resolution under this rule is rejected, then:
 - (i) notwithstanding the provisions of the Law, all offers under the Proportional Takeover Bid that have not, as at the end of the Relevant Day, been accepted, and all offers (in this paragraph referred to as the accepted offers) under the Proportional Takeover Bid that have been accepted and from whose acceptance binding contracts have not, at the end of the Relevant Day, resulted, are deemed to be withdrawn at the end of the Relevant Day;
 - (ii) the offeror is, forthwith after the end of the Relevant Day, to return to each person who has accepted any of the accepted offers any documents that were sent by the person to the offeror with the acceptance of the offer;
 - (iii) the offeror is entitled to rescind, and is required, forthwith after the end of the Relevant Day, to rescind, each contract resulting from the acceptance of an offer made under the Proportional Takeover Bid; and
 - (iv) a person who has accepted an offer made under the Proportional Takeover Bid is entitled to rescind the contract (if any) resulting from that acceptance; and
- (j) This rule ceases to have effect on the third anniversary of the later of the date of adoption or last renewal of this rule.

28. Listing Rules

28.1. Company Not Admitted to Official List of the Securities Exchange

Notwithstanding any of these rules the Company and its Directors and other officers are not required to comply with any rule insofar as it may specifically relate to the Securities Exchange, the Listing Rules or the Settlement Operating Rules until the Company is admitted to the Official List of the Securities Exchange.

28.2. Company Admitted to Official List of the Securities Exchange

If the Company is admitted to the Official List of the Securities Exchange, the following rules apply:

- (a) Notwithstanding anything contained in these rules, if the Listing Rules prohibit an act being done, the act shall not be done;
- (b) Nothing contained in these rules prevents an act being done that the Listing Rules require to be done;
- (c) If the Listing Rules require an act to be done or not be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) If the Listing Rules require these rules to contain a provision and they do not contain such a provision, these rules are deemed to contain that provision;
- (e) If the Listing Rules require these rules not to contain a provision and they contain such a provision, these rules are deemed not to contain that provision; and
- (f) If any provision of these rules is or becomes inconsistent with the Listing Rules, these rules are deemed not to contain that provision to the extent of the inconsistency.

29. Unmarketable Parcels

29.1. Application

Rule 29 has effect notwithstanding any other provisions in these rules to the contrary.

29.2. Existing Unmarketable Parcels

- (a) Subject to the Law, the Company may sell the shares of a shareholder if:
 - (i) the total number of shares of a particular class held by that shareholder is an Unmarketable Parcel;
 - (ii) the Company gives that shareholder notice in writing stating that the shares are liable to be sold or disposed of by the Company; and
 - (iii) that shareholder does not give notice in writing to the Company, by the date specified in the notice of the Company (being not less than 42 days after the date of the Company giving that notice), stating that all or some of those shares are not to be sold or disposed of.

- (b) The Company may only exercise the powers under rule 29.2(a), in respect of one or more shareholders, once in any 12-month period.
- (c) The power of the Company under rule 29.2(a) lapses following the announcement of a takeover bid. However, the procedure may be started again after the close of the offers made under the takeover bid.

29.3. **New Unmarketable Parcels**

- (a) Subject to the Law, the Company may sell the shares of a shareholder if:
 - (i) the shares of a particular class held by that shareholder are in a new holding created by a transfer on or after 1 September 1999; and
 - (ii) the transfer is of a number of shares of that class that was an Unmarketable Parcel at the time the transfer document was initiated, or in the case of a paper based transfer document, was lodged with the Company.
- (b) The Company may give a shareholder referred to in rule 29.3(a) notice in writing stating that the Company intends to sell or dispose of the shares.

29.4. **Extinguishment of Interests and Claims**

The exercise by the Company of its powers under rules 29.2 and 29.3 extinguishes, subject to this rule 29:

- (a) all interests in the shares of the former shareholder; and
 - (b) all claims against the Company in respect of the shares by that shareholder,
- including all dividends determined to be paid in respect of those shares and not actually paid.

29.5. **Manner of Sale**

- (a) Subject to the Law, the Company may sell or dispose of any shares in accordance with rule 29.2 and 29.3 at any time:
 - (i) using a financial services licensee on the basis that the financial services licensee obtains the highest price reasonably obtainable for the sale of the shares; or
 - (ii) in any other manner and on any other terms as the Directors resolve.

- (b) The Company may:
 - (i) exercise any powers permitted under the Law to enable the sale or disposal of shares under this rule 29;
 - (ii) receive the purchase money or consideration for the shares;
 - (iii) appoint a person to sign a transfer of shares; and
 - (iv) enter in the Register the name of the person to whom the shares are sold or disposed.
- (c) The person to whom a share is sold or disposed need not enquire whether the Company:
 - (i) properly exercised its powers under rule 29 in respect of that share; or
 - (ii) properly applied the proceeds of the sale or disposal of those shares,and the title of that person is not affected by those matters.
- (d) The remedy of any person aggrieved by a sale or disposal of shares is in damages only and against the Company exclusively.
- (e) A certificate in writing from the Company signed by a Director or Secretary that a share was sold or disposed of in accordance with rule 29 is sufficient evidence of those matters.

29.6. Application of Proceeds

- (a) If the Company exercises the powers under rule 29.2, either the Company or the person to whom a share is sold or disposed of must pay the expenses of the sale or disposal.
- (b) The Company must apply the proceeds of any sale or disposal of any shares in the following order:
 - (i) in the case of an exercise of the powers under rule 29.3, the expenses of the sale or disposal;
 - (ii) the amounts due and unpaid in respect of those shares; and
 - (iii) the balance (if any) to the former shareholder or the former shareholder's legal personal representative, executor or administrator of the estate of a deceased person, on the Company receiving the certificate (if any) for

those shares or other evidence satisfactory to the Company regarding the ownership of those shares.

29.7. Voting and Dividend Rights pending Sale

- (a) If the Company is entitled to the exercise of powers under rule 29.3, the Company may by resolution of the Directors, remove or change either or both:
 - (i) the right to vote; and
 - (ii) the right to receive dividends,of the relevant shareholder in respect of some or all of the shares liable to be sold or disposed of.
- (b) After the sale of the relevant shares the Company must pay to the person entitled any dividends that have been withheld under rule 29.7(a).

29.8. Interests in Shares

- (a) A shareholder whose shares are sold by the Company under this rule 29 hereby indemnifies the Company against any liability or loss arising from, and any costs, charges and expenses in connection with, any claim made by any person (other than the shareholder) who has, or claims to have, any equitable or other claim to or interest in all or any of those shares and the Company has the right to pay out of, or set off against, the proceeds of sale of those shares all sums necessary to effect this indemnity.
- (b) The Company may treat the shareholding of a shareholder who holds an Unmarketable Parcel as the absolute owner of those shares and, subject to rule 29.8(a), solely entitled to receive the proceeds of sale and the Company is not, except as ordered by a court of competent jurisdiction or as required by statute, bound to recognise any equitable or other claim to or interest in those shares or the proceeds of the sale on the part of any other person even when the Company has notice of such claim or interest.

GENERAL NOTES

Entitlement to Vote

The Company has determined in accordance with Part 7.11 of the Corporations Regulations that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 7.00pm (AEDT) on Tuesday 27th November 2012

Corporate Representatives

For a corporate representative to vote, they will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act*.

Voting

On a show of hands, every member present in person or by proxy or by attorney or, in the case of a corporation, by duly appointed representative, shall have one vote and on a poll one vote for every share held provided that if a member appoints two proxies or two attorneys, neither proxy nor attorney shall be entitled to vote on a show of hands.

Proxies

A member entitled to attend and vote at the Annual General Meeting may appoint one or two persons to attend and vote at the meeting as the member's proxy. If you wish to appoint a second proxy you will need to complete a second form. Computershare Investor Services Pty Limited will provide additional proxy forms upon request.

A proxy need not be a member. If two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the vote split is not specified, it is deemed to be equally divided between the two proxies.

To be effective, proxy forms must be received by the registry:

In person:	Boardroom Pty Ltd Level 7 , 207 Kent St SYDNEY NSW 2000
By mail (reply paid envelope enclosed);	Boardroom Pty Ltd GPO Box 3993 SYDNEY NSW 2001
By fax:	+61 2 9290 9655

by no later than **10.00am** (AEDT) on **Tuesday 27th November 2012..**

Shareholders and their proxies should note that new sections 250BB and 250BC of the Corporations Act apply to voting by proxy. In particular:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote as directed; and
- (d) if the proxy is not the chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

If a proxy is also a member, this subsection does not affect the way that the person can cast any votes they hold as a member.

If an appointment of a proxy specifies the way the proxy is to vote on a particular resolution and

- (a) the appointed proxy is not the chair of the meeting; or
- (b) at the meeting, a poll is duly demanded on the resolution and either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE TO:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia



Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10.00 am
(AEDT) TUESDAY 27th NOVEMBER 2012

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **10.00 am (AEDT) on Thursday 29th November 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

STEP 1 - Appointment of Proxy

I/We being a member/s of IQNovate Limited and entitled to attend and vote hereby appoint

<input type="checkbox"/> the Chairman of the Meeting (mark with an 'X')	OR	
---	----	--

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of IQNovate Limited to be held at the Linden Room, Novotel Parramatta, Level 1, 350 Church Street, Parramatta NSW 2150 on Thursday the 29th November 2012 at 10.00 am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

<input type="checkbox"/>	<p><i>If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of resolution 1, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. By marking this box I/we acknowledge the Chairman of the Meeting can exercise my/our proxy even though he has an interest in the outcome of the resolution and unless a specific voting direction has been specified below, the Chairman of the Meeting is directed to vote in accordance with his voting intention as set out below.</i></p>
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The Chair will vote all undirected proxies in favour of resolution 1

STEP 2 - Voting directions to your Proxy – please mark ☒ to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Con Tsigounis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr William Economos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Non-Executive Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Past Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of IQNovate Limited Benefits Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Adoption of a New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone Date / / 2012



**Annual Report
To Shareholders
30th June 2012**

IQNovate Ltd ACN149 731 644

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Chairman's Report

Looking at Iqnovate Limited's first year of operations the noteworthy milestones of the year include:

- a. The successful IPO of the Company which raised \$1,209,600
- b. An equally successful private placement at 88 cents raising a further \$659,463
- c. IQN's share of voice within its client base

All of the above adding value to the shareholders and meeting expectations. Further I recently reviewed our initial business plan and came across four fundamental questions I had put to myself and others when setting up Iqnovate Limited.

A) INVESTORS

Would people invest in a startup company that will be creating a new market with new services?

B) CUSTOMERS

Will the customers understand our value proposition?

Iqnovate was conceived on the premise of insight based business development, where our business development team would lead the process with informed disruptive ideas that will make customers aware of their unknown needs.

C) OUR EMPLOYEES- The IQNovators

Will the right people come and work with us?

- Individuals who can see a path through the unknown.
- Individuals that draw insight from ambiguity?
- The people that can convert the energy of disagreement into a productive solution?
- The individuals that have a highly developed sense of observation, judgment, and decisiveness that characterize pathfinders.

D) MEASURABLE PERFORMANCE

Establishing metrics before creating revenue?

As a startup with a forecasted cash burn what KPI's can we establish in order to objectively know that we are converting a good idea into measurable performance?

Chairman's Report (continued)

If we now consider how we have done against each one of these questions one will realize that

- a) At current prices, the value of investment made by IPO shareholders has increased by 595% and 135% for the private placement investors.
- b) Our customers are now aware of our company and as we execute on our business development plan they realize the value our service offerings brings to their business, hence building our offering in to their company's future budget forecasts that will allow them to work with us. We engage customers much earlier, well before customers understand their own needs –thus formulating the RFP well ahead of time. We lead the Business development process with insights pushing the customer out of their comfort zone as opposed to selling a solution to a well identified problem.
- c) Whether as employees or as contractors IQN has acquired a pool of talent that ranges from corporate affairs to project management and business development. The Iqnovate unique business model and the challenges it presents has managed to attract the crème de la crème of people.
- d) Revenue and profitability usually represent success metrics in the corporate world. However in startups when creating a new service-in essence inventing a new industry-revenue may not be expected immediately, hence one cannot measure the company performance. However metrics have to be established in order to bench mark and validate our tactics and everyday operations, that way we know we are on the right course. This year the IQN metrics were about share of voice in the biopharma industry, and IQN has exceeded every expectation by building bridges with the industry organizations in Australia and globally positioning ourselves in such a way to enable us to capitalize in the multibillion dollar pipelines to come.

Sincerely I believe that we have positioned ourselves so strategically within the Biopharma sector that we are leading innovation and that our presence will be paramount to the drugs that will be developed in the next 20 years to come. Moving forward IQN will strategically be positioning its business in such a way as to be creating value for its shareholders and clients.



George Syrmalis

Chairman/Chief Executive Officer (Executive)
MD, PhD, FACNP, MAAPP

Director's Report

For the Year Ended 30 June 2012

Your directors present their report on the Company for the financial period ended 30 June 2012.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of Iqnovate Limited *(formerly Iqnovate Pty Ltd)* during the financial period were to provide global contract scientific services to the Biopharmaceutical industry.

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

Operating Results and Review of Operations for the Year

Operating Results

The final operating result for the year was a loss of \$675,459, an increase from the previous year loss of \$143,913. This result was largely due to expenditure attributable to IPO related and listing expenditure and employee benefit expense.

Financial Position

The net assets of the Company increased by \$995,298 from 30 June 2011 to \$1,205,233 in 2012. This increase is largely due to:

- Proceeds from share issues raising \$1,869,063;
- Payment of issuance cost and IPO and listing related expenditures of \$753,182; and
- Payment to employee and supplier of \$688,795

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial period:

On 8 June 2011 a special resolution which was passed to change the company type from that of a proprietary company to that of a company limited by shares. On 9 September 2011 the company type change was formally recognised by ASIC and the Company was formally named Iqnovate Limited.

On 15 December 2011 the Company's securities were officially quoted on the National Stock Exchange of Australia ("NSX").

An announcement was made by the Company on 30 March 2012 of its intention to move to the Australian Stock Exchange ("ASX"). The application for listing was submitted on 29 June 2012 and is currently being reviewed by the ASX.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Director's Report

For the Year Ended 30 June 2012

Events after the Reporting Period

Except for the above, no other matters or circumstances have arisen since the end of the financial period which 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.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Issues

The company is not subject to any significant environment regulation.

Corporate Governance

(a) Compensation Arrangements and Remuneration Committee

The maximum aggregate amount payable to non-executive Directors' fees has been set at \$70,000 per annum. Notwithstanding that the shareholders in general meeting have approved a maximum aggregate amount payable to non-executive Directors at \$70,000 the directors have set the remuneration for the financial year ended 30 June 2012 at \$70,000. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting.

The Company has established a Remuneration Committee comprising two non-executive Directors with the objective of maintaining and reviewing the Company's remuneration policies and practices and reporting to the Board on such matters.

The Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

(b) Audit and Risk Management Committee

The Board presently has an Audit and Risk Management Committee comprising of one Executive and two non-executive Directors. The Company has adopted an Audit and Risk Management Charter setting out the composition, purpose, powers and scope of the audit and risk management committee as well as reporting requirements to the Board as a whole.

(c) Internal Management Controls

The Company's main assets are located in Australia. Control over the operations is exercised by the board and senior management.

The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

Director's Report

For the Year Ended 30 June 2012

Corporate Governance *(continued)*

(d) Identifying Significant Business Risks

The Board regularly monitors the operational and financial performance of the Company's activities. In conjunction with the Audit and Risk Management Committee, it monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's shares; however, the Directors recognise that Biopharmaceutical business is inherently risky.

(e) NSX Corporate Governance Guidelines

The information below outlines the main corporate governance policies of the Company which the directors adopted by formal resolution on 4 August 2011.

Before referring to the specific principles and the steps being taken by the Company to comply with those, the following factors should be noted:

- The principal focus of the endeavours of the directors (while operating within a sound base for corporate governance) must necessarily be promotion of the Company's activities and improving shareholder value;
- The Company is committed to adopting corporate governance policies commensurate with its business activities and has adopted a formal Corporate Governance Charter, setting out the roles and responsibilities of the independent committees described above.

It is within the above context that the directors are establishing the appropriate processes to ensure that they are compliant with a number of NSX Guidelines on listing. In the context of those Guidelines, the Directors make the following observations in relation to the Company's corporate governance status:

NSX Guidelines	Summary of Iqnovate Limited <i>(formerly Iqnovate Pty Ltd)</i> Position
Principle One – Lay solid foundations for management and oversight	The Company has two Executive Directors and each subject to contracts regulating their roles with the Company, and who report to the board.
Principle Two – Structure Board to Add Value	The Company has two independent Directors and a Board with extensive public company experience.
Principle Three – Promote Ethical and Responsible Decision Making	The Company has adopted both: <ul style="list-style-type: none"> - a Corporate Governance Charter and Board Charter – regulating the duties of directors and their deals with the Company (and shares) both internally and externally, and - a Corporate Code of Conduct – regulating the Company's external dealings and dealings with Shareholders
Principle Four – Safeguard Integrity in Financial Reporting	The Company has established a separately constituted Audit and Risk Management Committee, The Committee comprises of one executive and two non-executive Directors.
Principle Five – Make Timely and Balanced Disclosure	The Company has defined, under its Corporate Ethics Policy, an internal protocol for the reporting material information to Shareholders and NSX.

Director's Report

For the Year Ended 30 June 2012

Corporate Governance (*continued*)

(e) NSX Corporate Governance Guidelines (*continued*)

Principle Six – Respect the Rights of Shareholders	The Company is committed to all Shareholders and stakeholders having equal and timely access to material information regarding the operations and results of the Company. The Company will make regular NSX announcements and make this available on its website.
Principle Seven – Recognise and Manage Risk	The Audit & Risk Management Committee has under its Charter responsibility for overseeing the Company's risk management and internal control framework and implementation of the processes to undertake and assess risk management and internal control compliance.
Principle Eight – Encourage Enhanced Performance	The Company does not currently have a formally constituted Nominations Committee The Company Secretary, Mr Spiro Sakiris, plays an integral role in monitoring the conduct of activities of the Board, as well as the dispatch of material to Board members.
Principle Nine – Remunerate Fairly and Responsibly	A Remuneration Committee has been established which is charged with making recommendations as to all aspects of executive and non-executive director and management and committee remuneration packages. The Committee comprises two non-executive directors.
Principle Ten – Recognise the Legitimate Interests of Stakeholders	The Company's Corporate Ethics Policy and Corporate Code of Conduct sets out the behaviour required of Directors, employees and contractors as appropriate and including the observance of legal and other compliance obligations that relate to the Company's activities from time to time.

Directors

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

Names

Position

Mr George Syrmalis MD, PhD, FACNP, MAAPP	Chief Executive Officer
Mr Anthony Tsigounis (resigned on 11 July 2011)	Executive Director
Mr Con Tsigounis	Executive Director
Mr William Economos FCA	Non-executive Director
Mr Peter Simpson Mpharm	Non-executive Director

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

Director's Report

For the Year Ended 30 June 2012

Directors (*continued*)

Information on Directors

George Symmalis	Chief Executive Officer (Executive)
Qualifications	MD, PhD, FACNP, MAAPP Trained in Nuclear Medicine-radiation immunology
Experience	Board member since 2011. Consultant to UCB Biopharma SA, a patient-centric global biopharmaceutical company that employs more than 8 000 people dedicated to the research, development and commercialisation of innovative medicines and patient solutions. UCB Biopharma SA is listed on Euronext Brussels; Consultant to Innogenetics – Solvay SA, a company that provides innovative healthcare and diagnostic solutions in Infectious Diseases, Oncology, and Neurology internationally. Innogenetics – Solvay SA has operations in Europe, North America and South America and is a member of EDMA (European Diagnostic Manufacturers Association), the trade association that represents the In Vitro Diagnostic (IVD) industry active in Europe; and Head of medical affairs in an oncology drug development program at Aventis SA, a company with worldwide presence that provides a range of essential healthcare products and services, including a broad-based medicine portfolio. Aventis SA merged with Sanofi-Synthelabo in 2004 and is now known as Sanofi SA.
Interest in shares and Options	12,256,250 ordinary shares in Iqnovate Limited
Special Responsibilities	Responsibilities include managing the Company's operations and delivering long-term shareholder value.
Directorships held in other listed entities during the three years prior to current year	None

Con Tsigounis	Director (Executive)
Qualifications	N/A
Experience	Board member since 2011. Mr Tsigounis has over 25 years' experience in business development and company start-ups, investing and developing companies in the wholesale and retail sectors. He also has extensive experience in the provision of real estate services and development.
Interest in shares and Options	12,256,250 ordinary shares in Iqnovate Limited.

Director's Report

For the Year Ended 30 June 2012

Directors (continued)

Information on Directors (continued)

Con Tsigounis (continued)

Special Responsibilities	Responsibilities include overlooking the Company's business development strategy.
Directorships held in other listed entities during the three years prior to current year	None

William Economos	Director (Non-executive)
Qualifications	Member of the Institute of Chartered Accountants since February 1973
Experience	Board member since 2011. Mr Economos has over 30 years' experience in business development and accounting. He is the founder of Economos Chartered Accountants, where under his stewardship the firm had expanded into financial services including financial planning and debt funding. William has extensive experience in advising on taxation, compliance, financial and business planning issues to companies in the retail, wholesale, IT and financial services sectors.
Interest in shares and Options.	70,000 ordinary shares in Iqnovate Limited and options to acquire 100,000 ordinary shares.
Special Responsibilities	Mr Economos is a member of Audit and Risk Management Committee.
Directorships held in other listed entities during the three years prior to current year	None

Peter Simpson	Director (Non-executive)
Qualifications	M Pharm
Experience	Board member since 2011. Mr Simpson has extensive experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both the Australian and international markets. For 8 (eight) years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of over 80 products in the Australian, UK and US markets.
Interest in shares and Options	None
Special Responsibilities	Mr Simpson is a member of Audit and Risk Management Committee
Directorships held in other listed entities during the three years prior to current year	None

Director's Report

For the Year Ended 30 June 2012

Company Secretary

The following person held the position of company secretary at the end of the financial year: Mr Spiro Sakiris - Bachelor of Business, Dip Law, and Chartered Accountant. Mr Sakiris was appointed as the company secretary on 01 August 2011 and has been a partner at Economos Chartered Accountants since 1990.

Meetings of Directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Board of Directors' Meetings	
	Eligible to attend	Number attended
Mr George Syrmalis	10	10
Mr Anthony Tsigounis (resigned on 11 July 2011)	-	-
Mr Con Tsigounis	10	10
Mr William Economos	10	10
Mr Peter Simpson	10	8

Remuneration Report

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the company in general meeting to be apportioned among them in such manner as the directors agree and, in default of agreement, equally. The aggregate maximum remuneration currently determined by the company is \$70,000 per annum. Notwithstanding this the Directors have set the maximum remuneration for the financial year ended 30 June 2012 at \$70,000.

Directors who also chair the Audit Committee shall be entitled to further director's fee of an additional \$5,000. In addition, non-executive Directors will be entitled to be reimbursed for properly incurred expenses including time costs attending to the business of the company.

At present, the Board of the Company is constituted by two executive Director and two non-executive Directors. The Board has agreed that non-executive Directors shall be paid a total fee of \$35,000 each per annum.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the company or otherwise in connection with the business of the company.

The remuneration of any executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits but may not be by commission on, or percentage of, operating revenue.

The Directors are to be remunerated at the initial rates and amounts set out in the table below (exclusive of GST).

Director's Report

For the Year Ended 30 June 2012

Remuneration Report (continued)

Director Officer	Fees \$	Salary/ Consultants Fees \$	Superannuation \$	Other \$	Total \$
Mr George Syrmalis	-	144,000	12,960	-	156,960
Mr Con Tsigounis	-	120,000	10,800	-	130,800
Mr Peter Simpson	32,110	-	2,890	-	35,000
Mr William Economos	32,110	-	2,890	-	35,000

In addition to the above payments, the company provides Directors and Officers Liability insurance. Directors who also chair the Audit Committee are entitled to further director's fee of \$5,000 per annum.

Employment Details of Member of Key Management Personnel (KMP)

The following table provides employment details of persons who were, during the financial year, members of KMP of the company.

Key Management Personnel	Positions Held as at 30 June 2012 and any Change during the Year	Contract Details (Duration and Termination)
Mr George Syrmalis	Chief Executive Officer (Executive)	12 months with an extended term of 12 months from 1 May 2011. 1 month notice required to terminate. Entitled to 1 month salary.
Mr Con Tsigounis	Director (Executive)	12 months with an extended term of 12 months from 1 May 2011. 1 month notice required to terminate. Entitled to 1 month salary.

Remuneration Details for the Year Ended 30 June 2012

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of Key Management Personnel (KMP) of the company.

Key Management Personnel (KMP)	Short-term Benefits		Post-employment Benefits		Long-term Benefits	Total
	Salary, Fees and Leave	Other	Pension and Superannuation	Other	Long Service Leave	
	\$	\$	\$	\$	\$	\$
Mr George Syrmalis	147,333	-	13,260	-	-	160,593
Mr Con Tsigounis	103,333	-	9,300	-	-	112,633
Total KMP	250,666	-	22,560	-	-	273,226

Director's Report

For the Year Ended 30 June 2012

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

Options

At the date of this report, the unissued ordinary shares of Iqnovate Limited under options are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
15 December 2011	17 December 2014	\$0.20	402,500
14 June 2011	17 December 2015	\$0.10	4,000,000
			4,402,500

Options holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option during or since the end of the reporting period.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees paid or payable to Fortunity for non-audit services provided during the year ended 30 June 2012.

Director's Report

For the Year Ended 30 June 2012

ASIC Class Order 98/100 Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applied and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest dollars.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 13 of the financial report.

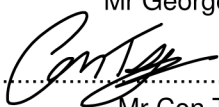
Signed in accordance with a resolution of the Board of Directors:

Director:



Mr George Symalis

Director:



Mr Con Tsigounis

Dated in Sydney, this ~~26~~²⁶ day of September 2012

Iqnovate Limited *(formerly Iqnovate Pty Ltd)*

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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



Tim Davidson
Fortunity Assurance
Chartered Accountants

Dated this 26th day of September 2012

Statement of Comprehensive Income
For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue			
Other income	2	40,418	1,338
Employee benefit expense		(479,406)	(75,440)
Depreciation expense		(8,233)	(773)
IPO related and listing expenditure		(210,204)	(63,400)
Impairment of intangible assets	12	(4,000)	-
Other expenses	3	(323,435)	(38,960)
Loss before income taxes		(984,860)	(177,235)
Income tax expense	4	309,401	33,322
Loss for the year		(675,459)	(143,913)
Loss attributable to Members of the entity		(675,459)	(143,913)
		(675,459)	(143,913)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	7	(2.10)	(0.73)

Statement of Financial Position
As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	652,221	338,724
Trade and other receivables	10	8,079	10,675
Other assets	13	65,672	7,788
TOTAL CURRENT ASSETS		725,972	357,187
NON-CURRENT ASSETS			
Property, plant and equipment	11	70,055	39,518
Deferred tax assets	17	496,272	33,322
Intangible assets	12	-	4,000
Other assets	13	60,493	7,713
TOTAL NON-CURRENT ASSETS		626,820	84,553
TOTAL ASSETS		1,352,792	441,740
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	145,720	231,805
TOTAL CURRENT LIABILITIES		145,720	231,805
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	1,839	-
TOTAL NON-CURRENT LIABILITIES		1,839	-
TOTAL LIABILITIES		147,559	231,805
NET ASSETS		1,205,233	209,935
EQUITY			
Issued capital	15	1,999,840	353,848
Reserves	16	24,765	-
Retained earnings		(819,372)	(143,913)
TOTAL EQUITY		1,205,233	209,935

Statement of Changes in Equity
For the Year Ended 30 June 2012

2012	Ordinary Shares	Options Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2011	353,848	-	(143,913)	209,935
Shares issued during the year	1,869,063	-	-	1,869,063
Recognised value of options granted	-	24,765	-	24,765
Loss attributable to members	-	-	(675,459)	(675,459)
Share issue transaction costs	(223,071)	-	-	(223,071)
Balance at 30 June 2012	1,999,840	24,765	(819,372)	1,205,233

2011	Ordinary Shares	Options Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Shares issued during the year	502,598	-	-	502,598
Loss attributable to members	-	-	(143,913)	(143,913)
Share issue transaction costs	(148,750)	-	-	(148,750)
Balance at 30 June 2011	353,848	-	(143,913)	209,935

Statement of Cash Flows
For the Year Ended 30 June 2012

	2012	2011
Note	\$	\$
Cash from operating activities:		
Payments to suppliers and employees	(1,076,546)	(107,384)
Net cash provided by (used in) operating activities	20(a) (1,076,546)	(107,384)
Cash flows from investing activities:		
Payment of plant, property and equipment	(38,771)	(44,291)
Payment of other non-current assets	(39,395)	-
Payment of financial assets	(51,175)	-
Net cash provided by (used in) investing activities	(129,341)	(44,291)
Cash flows from financing activities:		
Proceeds from issue of shares	1,519,384	490,399
Net cash provided by (used in) financing activities	1,519,384	490,399
Other activities:		
Net increase (decreases) in cash held	313,497	338,724
Cash at the beginning of the financial year	338,724	-
Cash at end of financial year	9 652,221	338,724

Notes to the Financial Statements

For the Year Ended 30 June 2012

This financial report covers Iqnovate Limited (formerly Iqnovate Pty Ltd) as an individual entity. Iqnovate Limited (formerly Iqnovate Pty Ltd) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26th September 2012 by the directors of the Company

NOTE 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (Australian Accounting Interpretations) and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Comparative Figures

The comparative figures for the financial statements and related notes are for the period from 8 March 2011, being the registration date to 30 June 2011. The results for the financial period are therefore not directly comparable with the results for the year ended 30 June 2012.

(b) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2012

NOTE 1: Summary of Significant Accounting Policies (*continued*)

(b) Income Tax (*continued*)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10% - 20%
Furniture, Fixtures and Fittings	6.67% - 10%
Computer Equipment	20% - 33.33%
Computer Software	25%

Notes to the Financial Statements**For the Year Ended 30 June 2012****NOTE 1: Summary of Significant Accounting Policies (*continued*)****(c) Property, Plant and Equipment (*continued*)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Notes to the Financial Statements**For the Year Ended 30 June 2012****NOTE 1: Summary of Significant Accounting Policies (*continued*)****(d) Financial Instruments (*continued*)**

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discount cash flow approach. The probability has been based on:

Notes to the Financial Statements**For the Year Ended 30 June 2012****NOTE 1: Summary of Significant Accounting Policies (continued)****(d) Financial Instruments (continued)****Financial guarantees (continued)**

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(e) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

(f) Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. During the year, the company has assessed that there is no future economic benefits are expected from its use.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Notes to the Financial Statements**For the Year Ended 30 June 2012****NOTE 1: Summary of Significant Accounting Policies (continued)****(h) Cash and Cash Equivalents**

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

(i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Investment property revenue is recognised on a straight-line basis over a period of lease term so as to reflect a constant periodic rate of return on the net investment.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(k) Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Notes to the Financial Statements**For the Year Ended 30 June 2012****NOTE 1: Summary of Significant Accounting Policies (continued)****(l) Trade and Other Payables**

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 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.

(n) Critical Accounting Estimates and Judgments

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

The directors believe that the full amount of receivable is recoverable and accordingly no provision for impairment was made for the period ended 30 June 2012.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the company has not adopted early. A discussion of those future requirements and their impact on the company is as follows:

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 1: Summary of Significant Accounting Policies (continued)
(0) New Accounting Standards for Application in Future Periods (continued)

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) for an offer that may be withdrawn – when the employee accepts;
- (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employee; and
- (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the company's financial statements.

NOTE 2: Revenue and Other Income

Revenue from continuing operations

	2012 \$	2011 \$
Provision of services	28,000	-
Interest revenue	12,418	1,338
	40,418	1,338

NOTE 3: Profit for the Year

Profit before income tax includes the following specific expenses:

	2012 \$	2011 \$
Contributions to employee superannuation plans	36,604	5,760

Other expenses

Rental expense on operating leases		
Minimum lease payments	69,068	9,250
Bank charges	2,151	312
Auditor remuneration	6,200	1,500
Professional Fees	45,528	2,494
Marketing and promotion expenses	67,856	116
Utilities expenses	20,267	2,881
Repair and maintenance expenses	2,447	500
Registration and filing fees	6,685	745
Dues and subscriptions	29,756	2,045
Printing, postage and stationary	17,625	-
Other	55,852	19,117
Total other expenses	323,435	38,960

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 4: Income tax expense
(a) The components of tax expense comprise:

	2012	2011
	\$	\$
Deferred tax	4(b) (289,735)	(33,322)
Over-provision in respect of prior years	(19,666)	-
	<u>(309,401)</u>	<u>(33,322)</u>

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2012	2011
	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(295,458)	(53,170)
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	-	232
- other non-allowable items	3,866	183
- IPO related expenditure	1,857	19,019
- Provision for annual leave	-	1,617
	<u>(289,735)</u>	<u>(32,119)</u>
Less:		
Tax effect of:		
- Tax depreciation	-	302
- Division 40 blackhole expenditure	-	901
Income tax attributable to entity	<u>(289,735)</u>	<u>(33,322)</u>

The applicable weighted average effective tax rates are as follows: **(29)%** (19)%

The weighted average effective tax rate for 2012 is a result of initial costs incurred on start-up which are expected to be recouped in subsequent financial years.

NOTE 5: Key Management Personnel Compensation

Refer to remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the company's key management personnel (KMP) for the year ended 30 June 2012.

The totals of remuneration paid to key management personnel of the company during the year are as follow:

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 5: Key Management Personnel Compensation (continued)

	2012	2011
	\$	\$
Short-term employee benefits	250,666	69,760
Post-employment benefits	22,560	-
Other long-term benefits	-	-
	273,226	69,760

Key Management Personnel Shareholdings

The number of ordinary shares in Iqnovate Limited held by each key management person of Iqnovate Limited during the financial period is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Mr George Syrmalis	12,256,250	-	-	-	12,256,250
Mr Con Tsigounis	12,256,250	-	-	-	12,256,250
	24,512,500	-	-	-	24,512,500

Other Key Management Personnel Compensation Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

NOTE 6: Auditors' Remuneration

	2012	2011
	\$	\$
Remuneration of the auditor of the company for:		
- auditing the financial report	6,200	1,500

NOTE 7: Earnings per Share

(a) Basic and diluted earnings per share

	2012	2011
	Cents	Cents
Basic and diluted earnings per share	(2.10)	(0.73)

(b) Reconciliation of earnings per share

	2012	2011
	\$	\$
Profit / (Loss) for the year	(675,459)	(143,913)

(c) Weighted average number of shares used as a denominator

	2012	2011
Weighted average number of shares	32,177,568	19,812,501

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 8: Dividends

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made

NOTE 9: Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash on hand	52	-
Cash at bank	652,169	338,724
	652,221	338,724

Reconciliation of cash

	2012	2011
	\$	\$
Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	652,221	338,724
	652,221	338,724

NOTE 10: Trade and other receivables

	2012	2011
	\$	\$
CURRENT		
GST receivable	8,079	9,070
Other receivables	-	1,605
Total current trade and other receivables	8,079	10,675

(a) Credit risk - Trade and Other Receivables

	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	Within initial trade terms
	\$	\$	\$	\$	\$	\$	\$
2012							
GST receivable	8,079	-	8,079	-	-	-	-
Total	8,079	-	8,079	-	-	-	-
2011							
GST receivable	9,070	-	9,070	-	-	-	-
Other receivable	1,605	-	-	-	1,605	-	-
Total	10,675	-	9,070	-	1,605	-	-

The company does not have any material credit risk exposure to any single receivable or group receivable.

The balances of receivable that remain within the initial trade terms (or detailed in the table above) are considered high credit quality

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 11: Property, Plant and Equipment

	2012 \$	2011 \$
Plant and equipment - at cost	24,622	20,603
Accumulated depreciation	(2,598)	(459)
	22,024	20,144
Furniture, fixture and fittings - at cost	34,049	16,746
Accumulated depreciation	(2,224)	(251)
	31,825	16,495
Computer equipment - at cost	14,845	-
Accumulated depreciation	(3,127)	-
	11,718	-
Computer software - at cost	5,545	2,942
Accumulated depreciation	(1,057)	(63)
	4,488	2,879
Total property, plant and equipment	70,055	39,518

(a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

2012	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Computer Software \$	Total \$
Carrying amount as at 1 July 2011	20,144	16,495	-	2,879	39,518
Additions	4,019	17,303	14,845	2,603	38,770
Depreciation expense	(2,139)	(1,973)	(3,127)	(994)	(8,233)
Carrying amount as at 30 June 2012	22,024	31,825	11,718	4,488	70,055

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 11: Property, Plant and Equipment (continued)
(a) Movements in Carrying Amounts (continued)

2011	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Computer Software \$	Total \$
Carrying amount as at 8 March 2011	-	-	-	-	-
Additions	20,603	16,746	-	2,942	40,291
Depreciation expense	(459)	(251)	-	(63)	(773)
Carrying amount as at 30 June 2011	20,144	16,495	-	2,879	39,518

NOTE 12: Intangible Assets

	2012 \$	2011 \$
Patents, trademarks and other rights- cost	4,000	4,000
Accumulated impairment losses	(4,000)	-
Net carrying value	-	4,000
Total Intangibles	-	4,000

	Patents, trademarks and other rights \$	Total \$
2011		
Balance at 8 March 2011	-	-
Additions	4,000	4,000
Impairment losses	-	-
Closing value at 30 June 2011	4,000	4,000
2012		
Balance as at 1 July 2011	4,000	4,000
Additions	-	-
Impairment losses	(4,000)	(4,000)
Closing value at 30 June 2012	-	-

During the year, the company has assessed that there is no future economic benefits are expected from the use of trademarks.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 13: Other Assets

	2012	2011
	\$	\$
CURRENT		
Prepayments	65,672	7,788
	65,672	7,788
NON-CURRENT		
Rental deposit	58,763	6,783
Electricity deposit	1,730	930
	60,493	7,713

NOTE 14: Trade and other payables

	2012	2011
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	52,838	995
Accrued employee entitlements	26,029	5,390
Sundry payables and accrued expenses	66,853	225,420
	145,720	231,805

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2012	2011
		\$	\$
Trade and other payables			
- Total Current		145,720	231,805
Less:			
Accrued employee entitlements		(26,029)	(5,390)
Financial liabilities as trade and other payables	23	119,691	226,415

NOTE 15: Issued Capital

	2012	2011
	\$	\$
35,547,390 (2011: 28,750,000)		
Fully paid ordinary shares	2,371,661	502,598
Share issue costs written off against issued capital	(371,821)	(148,750)
	1,999,840	353,848

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 15: Issued Capital (continued)
(a) Ordinary Shares

	2012	2011
	No.	No.
At the beginning of reporting period	28,750,000	-
Shares issued during the year		
- 30 June 2011	-	28,750,000
- 12 December 2011	6,048,000	-
- 24 April 2012	640,072	-
- 1 May 2012	109,318	-
At the end of the reporting date	35,547,390	28,750,000

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

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

The shareholders who participated in the small scale offering who were allotted shares on 14 June 2011 were granted a total of 4,000,000 options as part of the capital raising. These options are exercisable at \$0.10 each at any time within 24 and 36 months of the date of listing of Iqnovate Limited on the National Stock Exchange.

There can be no guarantee that all or any of the pre-IPO shareholders will exercise the options held by them.

NOTE 16: Reserves
(a) Options Reserve

The option reserve records the value of options granted to Econ Legal Pty Ltd recognised in the financial statements based on the Black Scholes model.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 17: Tax
NON-CURRENT

Deferred tax assets	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Provisions	-	-	-	-
Benefits attributable to tax losses	-	33,322	-	33,322
Transaction costs on equity	-	-	-	-
Other	-	-	-	-
Balance 30 June 2011	-	33,322	-	33,322
Provisions	-	7,809	-	7,809
Benefits attributable to tax losses	33,322	266,468	-	299,790
Transaction costs on equity	-	32,936	151,710	184,646
Other	-	4,027	-	4,027
Balance 30 June 2012	33,322	311,240	151,710	496,272

Deferred tax liability	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Property, Plant & Equipment	-	-	-	-
Balance 30 June 2011	-	-	-	-
Property, Plant & Equipment	-	1,839	-	1,839
Balance 30 June 2012	-	1,839	-	1,839

NOTE 18: Capital and Leasing Commitments
(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2012 \$	2011 \$
Payable - minimum lease payments:		
- not later than 12 months	174,760	40,696
- between 12 months and 5 years	234,225	71,225
	408,985	111,921

The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the three year term for an additional term of three years.

Notes to the Financial Statements

For the Year Ended 30 June 2012

NOTE 19: Contingent Liabilities and Contingent Assets

The Company has no contingent liabilities and contingent assets as at reporting date.

NOTE 20: Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2012 \$	2011 \$
Net loss for the period	(675,459)	(143,913)
Non-cash flows in profit		
- Depreciation & amortisation	12,233	773
- Recognition of option value	6,191	-
Changes in assets and liabilities		
- (Increase)/decrease in prepayments	(18,487)	(7,788)
- (Increase)/decrease in deferred tax receivable	(461,111)	(33,322)
- (Increase)/decrease in other assets	-	(7,713)
- Increase/(decrease) in trade payables and accruals	38,457	88,259
- Increase/(decrease) in provisions	991	(9,070)
- Increase/(decrease) in employee benefits	20,639	5,390
Cash flow from operations	(1,076,546)	(107,384)

NOTE 21: Events After the Reporting Date

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

NOTE 22: Related Party Transactions

(a) The Company's main related parties are as follows:

i) Key management personnel:

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

ii) Entities subject to significant influence by the Company:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 22: Related Party Transactions (*continued*)
(b) Transactions with related parties:

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

The following transactions occurred with related parties:

Beneficial Holdings

The direct, indirect and beneficial holding of directors and their director-related entities in the share and share options of the company as at 30 June 2012 was:

Shares: 24,512,500 Ordinary shares

Other related parties

	2012	2011
	\$	\$
Purchase of goods and services:		
Provision of shares services to IQX Limited, a director-related entity beneficially partially held by Mr George Symmalis.	20,000	-
Provision of technical services to IQX Limited, a director-related entity beneficially partially held by Mr George Symmalis.	8,000	-

Notes to the Financial Statements

For the Year Ended 30 June 2012

NOTE 23: Financial Risk Management

The company's financial instruments consist of deposits with banks, accounts receivable and payable and operating leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	9	652,221	338,724
Trade and other receivables	10	8,079	10,675
		<u>660,300</u>	<u>349,399</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	14(a)	119,691	226,415
		<u>119,691</u>	<u>226,415</u>

Financial Risk Management Policies

The directors overall risk management strategy is to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies which include reviewing the credit risk policies and future cash flows are reviewed and approved by the board.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Credit risk is managed through maintaining procedures ensuring that counterparties to transactions are of sound credit worthiness and the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of counterparties.

- Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Notes to the Financial Statements

For the Year Ended 30 June 2012

NOTE 23: Financial Risk Management (continued)

(a) Interest rate risk (continued)

Sensitivity Analysis

- The following table illustrates sensitivities to the company's exposures to changes in cash balances. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonable possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Period ended 30 June 2012		
+/- 2% in interest rates	13,044	13,044
Year Ended 30 June 2011		
+/- 2% in interest rates	6,744	6,744

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities
- obtaining funding from a variety of sources
- maintaining a reputable credit risk profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The company does not have any borrowings should mature in any 12-month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 23: Financial Risk Management (continued)
(b) Liquidity risk (continued)
Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave)	119,691	226,415	-	-	-	-	119,691	226,415
Total expected outflows	119,691	226,415	-	-	-	-	119,691	226,415
Financial assets - cash flows realisable								
Cash and cash equivalents	652,221	338,724	-	-	-	-	652,221	338,724
Trade, term and loans receivables	8,079	-	-	10,675	60,493	7,713	68,572	18,388
Total anticipated inflows	660,300	338,724	-	10,675	60,493	7,713	720,793	357,112
Net (outflow)/inflow on financial instruments	540,609	112,309	-	10,675	60,493	7,713	601,102	130,697

Net Fair Values
Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Nil differences between fair values and carrying values of financial instruments with fixed interest rates exist.

Notes to the Financial Statements
For the Year Ended 30 June 2012
NOTE 23: Financial Risk Management (continued)
Net Fair Values (continued)

Note	2012		2011	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	(i) 652,221	652,221	338,724	338,724
Trade and other receivables	(i) 8,079	8,079	10,675	10,675
Total financial assets	660,300	660,300	349,399	349,399
Financial Liabilities				
Trade and other payables	(i) 119,691	119,691	226,415	226,415
Total financial liabilities	119,691	119,691	226,415	226,415

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is not considered a financial instrument.

NOTE: 24 Company Details
(a) Registered office

The registered office of the company is:
 Iqnovate Limited *(formerly Iqnovate Pty Ltd)*
 C/- Economos Pty Ltd
 The Galleries Victoria Podium, Level 1
 500 George Street
 Sydney, NSW 2000

(b) Principal place of business

The principal place of business is:
 Iqnovate Limited *(formerly Iqnovate Pty Ltd)*
 Level 3
 222 Clarence Street
 Sydney, NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 39, present fairly the Company's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director
Mr George Symalis

Director
Mr Con Tsigounis

Dated in Sydney, this 26th day of September 2012

Iqnovate Limited *(formerly Iqnovate Pty Ltd)*

Independent Audit Report to the members of Iqnovate Limited *(formerly Iqnovate Pty Ltd)*

Report on the Financial Report

We have audited the accompanying financial report of Iqnovate Limited *(formerly Iqnovate Pty Ltd)*, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended that date a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the company's constitution. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 company's preparation and fair presentation of the financial report 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Iqnovate Limited (formerly Iqnovate Pty Ltd) as of 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)

Fortunity Assurance


Tim Davidson

Dated this 26th day of September 2012

Additional Information Required to be Disclosed As Per Clause 6.9 of NSXA Listing Rules – 1st April 2011

- 1) Principle Activities – refer Directors’ Report
- 2) There are no subsidiaries / child entities
- 3) (i) Directors Interests – refer Directors Report
- (ii) Any rights to subscribe to debt or equity instruments by any of the directors are disclosed in the directors report

The company secretary has beneficial ownership in 180,000 shares and options to acquire 182,000 ordinary shares

- 4) There have been no forecasts made during the year
- 5) There are no unexpired service contracts, the executive directors continue their employment under their original contracts of employment.
- 6) Refer Note 22 in relation to contracts with directors , child entities or controlling shareholders interests.
- 7) There are no arrangements where the directors have waived or agreed to waive emoluments
- 8) There are no arrangements where a shareholders has waived or agreed to waive any emoluments
- 9) Historical Summary Table

Item	2012
Profit / (loss)	(\$675,459)
Assets	\$1,352,792
Liabilities	\$147,559

- 11) There are no comparative years to discuss trends
- 12) The top 10 shareholders extracted from the members register

Con Tsigounis Pty Ltd	12,256,250
George Syrmalis Pty Ltd	12,256,250
Anthony Tsigounis Pty Ltd	1,437,500
To The Stars Pty Ltd	425,000
Kroner International Inc	225,000
Mobery Pty Ltd	175,000
Persefone Abdallah	150,000
Narong Van	150,000
A M & A M Nominees Pty Ltd	150,000
A M & A M Nominees Pty Ltd	150,000



Annual Report To Shareholders

30th June 2012

IQNovate Ltd ACN149 731 644