

# FORM: Half yearly/preliminary final report

Name of issuer

IQNOVATE LTD

ACN or ARBN

26 149 731 644

Half yearly  
(tick)



Preliminary  
final (tick)

Half year/financial year ended  
(‘Current period’)

30/06/2012 – 31/12/2012

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Revenue (item 1.1)	up/down	840 %	to	84
Profit (loss) for the period (item 1.9)	up/down	17 %	to	(353)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	17 %	to	(353)
<b>Dividends</b>				
Franking rate applicable:		Current period NIL	Previous corresponding period NIL	
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)				
Amount per security		NIL	NIL	
Franked amount per security				
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)				
Amount per security		NIL	NIL	
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

**Comments by directors**

*Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.*

**Basis of accounts preparation**

*If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]*

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

The Private Placement has completed since 13/12/2012 raising an additional \$700,000

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

N/A

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

N/A

**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the annual report will be available

N/A

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

The financial statements have been audited.



The financial statements have been subject to review by a registered auditor (or overseas equivalent).

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Sign here:   
(~~Director~~/Company secretary)

Date: 15/3/2013

Print name: S. Sokris



# **Iqnovate Ltd**

ABN 26 149 731 644

## **Financial Statements**

**For the half-year ended 31 December 2012**

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## For the half-year ended 31 December 2012

Your directors present their report on the Company for the half-year ended 31 December 2012.

### Directors

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

George Syrmalis  
Con Tsigounis  
Peter Buchanan Simpson  
William Economos

### Principal Activities

The principal activities of Iqnovate Ltd during the half-year were to provide global contract scientific services to the Biopharmaceutical Industry.

### Review of operations by CEO

The loss from ordinary activities for the half-year ended 31 December 2012 amounted to \$353,357.

IQNovate is building a tradition in developing and delivering innovation that makes a meaningful difference to patient health. Looking ahead, we remain committed to developing innovative and valued services that improve the process of drug development around the world, benefit society and provide an acceptable return to our shareholders.

In this half annual review I want to outline some of the steps we took and decisions we made in 2012 to secure our future business success.

#### *A trusted partner*

We cannot secure our success if we do not have good relationships with those with whom we do business. Trust is critical to achieving this: we need to connect with our stakeholders, including shareholders, clients, regulators, governments and patient groups, if we are to understand their needs and challenges. Therefore we continuously strive to excel and maintain the highest ethical standards through our standard operating procedures and voluntary membership of professional organizations.

#### *Increased collaboration*

Our focus on developing unique capabilities is matched by our desire to develop a more outward-looking organisation committed to accessing the best science, regardless of its origin. Moving forward we are building alliances with Australian and global organizations enabling us access to engage technologies of the future.



## *Global orientation*

Our future success requires us to develop global strategies to commercialise our services effectively. Hence we sought and achieved a listing of our company on the OTC exchange in New York USA, increasing demand for our shares and creating corporate visibility in the USA.

## *Stronger customer orientation*

We need to recognise the changing shape of healthcare systems. Those who work in them are working more intensively and with less time to research medicines. We are therefore piloting new ways of working to meet their needs. These include the use of digital channels, which offer information that is available when it is needed, and without having to leave the office.

## *A confident future*

Our industry is undergoing a period of fundamental change. If we are to be one of the winners in the sector we need to make the industry aware of what we do and how we do it. I am confident that within we have people with the skills to do that and pay tribute to their continued efforts in 2012 to ensure we deliver on our commitments to clients, society and our shareholders.

I look forward to working with everyone to build on those efforts in 2013.

## **Rounding of Amounts**

The company has applied the relief available to it in ASIC Class Order 98/100 and accordingly, certain amounts in the financial report and the director's report have been rounded off to the nearest \$1.

## **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 3.

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



**GEORGE SYRMALIS**  
Director



**CON TSIGOUNIS**  
Director

Dated in Sydney, this 13th day of March 2013

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there have been:

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

**FORTUNITY ASSURANCE**



**T R Davidson**  
Partner

155 The Entrance Road  
ERINA NSW 2250

Dated: *13 March, 2013*

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## Statement of Comprehensive Income

For the half-year ended 31 December 2012

		<b>Half-year ended</b>	
		<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Other income	2	84,035	10,415
Employee costs		(356,527)	(183,405)
Depreciation, amortisation and impairments		(6,989)	(3,453)
IPO related expenditure		16,360	(9,067)
Other expenses		(240,648)	(115,535)
<b>Loss before income tax</b>		<b>(503,769)</b>	<b>(301,045)</b>
Income tax benefit		150,412	-
<b>Loss for the period</b>		<b>(353,357)</b>	<b>(301,045)</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of land and buildings		-	-
Share of other comprehensive income of associates and joint ventures		-	-
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income attributable to members</b>		<b>(353,357)</b>	<b>(301,045)</b>
<b>Earnings per share</b>			
<b>Basic and diluted loss per share</b>		<b>(0.01)</b>	<b>(0.01)</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

As at 31 December 2012

	Note	31.12.2012 \$	30.06.2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,275,669	652,221
Trade and other receivables		10,722	8,079
Other assets		14,008	65,672
<b>Total current assets</b>		<b>1,300,399</b>	<b>725,972</b>
<b>Non-current assets</b>			
Property, plant and equipment		137,634	70,055
Deferred tax asset		646,682	496,272
Other assets		63,352	60,493
<b>Total non-current assets</b>		<b>847,668</b>	<b>626,820</b>
<b>TOTAL ASSETS</b>		<b>2,148,067</b>	<b>1,352,792</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		90,151	145,720
Other liabilities	5	1,208,500	-
<b>Total current liabilities</b>		<b>1,298,651</b>	<b>145,720</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,839	1,839
<b>Total non-current liabilities</b>		<b>1,839</b>	<b>1,839</b>
<b>TOTAL LIABILITIES</b>		<b>1,300,490</b>	<b>147,559</b>
<b>NET ASSETS</b>		<b>847,577</b>	<b>1,205,233</b>
<b>EQUITY</b>			
Issued capital		1,995,541	1,999,840
Reserves		24,765	24,765
Accumulated losses		(1,172,729)	(819,372)
<b>TOTAL EQUITY</b>		<b>847,577</b>	<b>1,205,233</b>

## Statement of Changes in Equity

For the half-year ended 31 December 2012

	Ordinary Shares	Options Reserves	Accumulated Loss	Total
	\$	\$	\$	\$
<b>Half-year ended 31.12.2012</b>				
Balance at the beginning of the period	1,999,840	24,765	(819,372)	1,205,233
Shares issued during the period	-	-	-	-
Recognised value of options granted	-	-	-	-
Losses for the period attributable to members of the entity	-	-	(353,357)	(353,357)
Share issue transaction cost	(4,299)	-	-	(4,299)
<b>Balance at the end of the period</b>	<b>1,995,541</b>	<b>24,765</b>	<b>(1,172,729)</b>	<b>847,577</b>

	Ordinary Shares	Options Reserves	Accumulated Loss	Total
	\$	\$	\$	\$
<b>Half-year ended 31.12.2011</b>				
Balance at the beginning of the period	353,848	-	(143,913)	209,935
Shares issued during the period	1,209,600	-	-	1,209,600
Recognised value of options granted	-	-	-	-
Losses for the period attributable to members of the entity	-	-	(301,045)	(301,045)
Share issue transaction cost	(58,653)	-	-	(58,653)
<b>Balance at the end of the period</b>	<b>1,504,795</b>	<b>-</b>	<b>(444,958)</b>	<b>1,059,837</b>

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## Statement of Cash Flows

For the half-year ended 31 December 2012

	Half-year ended	
	31.12.2012	31.12.2011
	\$	\$
<b>Cash from operating activities:</b>		
Payments to suppliers and employees	(510,220)	(461,667)
Interest received	4,035	10,415
<b>Net cash used in operating activities</b>	<b>(506,185)</b>	<b>(451,252)</b>
<b>Cash flows from investing activities:</b>		
Payment for acquisition of property, plant and equipment	(74,568)	(4,909)
<b>Net cash used in investing activities</b>	<b>(74,568)</b>	<b>(4,909)</b>
<b>Cash flows from financing activities:</b>		
Repayment of short-term borrowings	(4,299)	-
Proceeds from issuance of shares	-	1,150,947
Proceeds from Private Placement (to be allotted)	1,208,500	-
<b>Net cash (used in) / provided by financing activities</b>	<b>1,204,201</b>	<b>1,150,947</b>
<b>Net increase in cash held</b>	<b>623,448</b>	<b>694,786</b>
Cash and cash equivalents at the beginning	652,221	338,724
<b>Cash and cash equivalents at the end</b>	<b>1,275,669</b>	<b>1,033,510</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the half-year ended 31 December 2012

### NOTE 1: Basis of Preparation

This general purpose financial statement for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Iqnovate Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2012 and any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### NOTE 2: Profit for the Period

	Half-year ended	
	31.12.2012	31.12.2011
	\$	\$
Provision of services	80,000	-
Interest received	4,035	10,415
Total Revenue	84,035	10,415

### NOTE 3: Dividends

No dividends were paid or declared since the start of the half-year. No recommendation for payment of dividends has been made.

### NOTE 4: Operating Segments

The company operates in one segment in Australia being to provide global contract scientific services to the Biopharmaceutical Industry.

## Notes to the Financial Statements

For the half-year ended 31 December 2012

### NOTE 5: Other Liabilities

	2012	2011
Funds held from proceeds of Private Placement to be converted to equity at completion of Private Placement (Refer Note 7 for further particulars)	\$1,208,500	-

### NOTE 6: Contingent Liabilities

The directors are not aware of any contingent liabilities or contingent assets as at half-year ended 31 December 2012.

### NOTE 7: Events After the End of the Interim Period

The company has completed a Private Placement of shares for 1,908,500 additional ordinary shares at \$1.00 each allotted subsequent to 31<sup>st</sup> December 2012. The funds were received as follows:

Funds raised to 31 <sup>st</sup> December 2012	\$1,208,500
Funds raised post 31 <sup>st</sup> December 2012	<u>\$ 700,000</u>
Total Funds Raised	<u>\$1,908,500</u>



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## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes for the half year ended 31 December 2012, as set out on pages 4 to 9, are in accordance with the *Corporations Act 2001* including that:
  - (a) the financial statement complies with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) the financial statement gives a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half year ended on that date.
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.



**GEORGE SYRMALIS**  
Director



**CON TSIGOUNIS**  
Director

Dated in Sydney, this 13th day of March 2013

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF IQNOVATE LIMITED**

**Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Iqnovate Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

*Directors' responsibility for the half-year financial report*

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

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Iqnovate Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF IQNOVATE LIMITED**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Iqnovate Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

**FORTUNITY ASSURANCE**



**T R Davidson**  
Partner

155 The Entrance Road  
ERINA NSW 2250

Dated: 13 March, 2013