

IQX Limited and Controlled Entity

ABN: 51 155 518 380

Financial Statements

For the Year Ended 30 June 2013

ABN 51 155 518 380

Directors Report
For Year Ended 30th June 2013

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IQX Limited
ABN 51 155 518 380

Director's Report
For Year Ended 30th June 2013

Your directors present their report on the consolidated group for the financial year ended 30 June 2013.

Directors

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

Names	Position	Appointed/Resigned
Mr Kosmas Dimitriou	Chairman / Director	Appointed 20 November 2012
Mr Peter Slimak	Director	Resigned 18 March 2013
Mr John Stratilas	Director	
Mr George Syrmalis	Director	Resigned 9 November 2012
Mr Brendan Selby Scorer	Director	Resigned 18 March 2013
Mr Alex Dimos	Director	Appointed 18 March 2013
Mr Anthony Panoyan	Director	Appointed 18 March 2013
Mr Peter Simpson	Director	Appointed 14 August 2013

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

Principal Activities

The principal activities of the consolidated group during the financial year were general investing activities and exploring investment opportunities in the Life Science industry.

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

Review of Operations

The consolidated loss after tax for the year amounted to \$982,311 (2012: loss of \$114,639). The result for the year reflects the group's ongoing growth since its establishment in February 2012. Majority of expenses incurred during the year are set-up costs, employee costs and other related expenses.

Significant Changes in the State of Affairs

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

Events Subsequent to the End of the Reporting Period

On 6 July 2012 the Company issued \$220,000 in 0% interest Convertible Notes with a converting rate of \$0.20 per share. The Convertible Note holders are also entitled to receive 3 Options for each share subscribers for in the capital of the Company exercisable at \$0.10 at any time between 24 and 36 months from the date of listing of the Company on the NSX.

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**Directors Report
For Year Ended 30th June 2013**

As at the date of this report, the company is currently in the process of seeking listing on the National Stock Exchange of Australia

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

Dividends

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Options

No options over issued shares were granted during or since the end of the financial year, and there are no options outstanding as at the date of this report.

Proceedings on Behalf of the 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 parts of those proceedings.

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

Information on Directors

Mr Kosmas Dimitriou	Director (Non-Executive)
Qualifications	Bachelor of Commerce and Laws from University of Western Sydney, Diploma of Legal Practice (Tax) from the University of Sydney and is a Chartered Tax Advisor.
Experience	Kos is senior tax counsel to the MLC / NAB Wealth asset management Group (NAB Wealth). NAB Wealth manages hundreds of specialised funds throughout their \$100 billion portfolio. Over the last 6 years Kos advised NAB Wealth on

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For Year Ended 30th June 2013**

	<p>both domestic and international tax structuring issues, including assisting in advising on the establishment of NabInvest. He has vast experience in corporate and managed funds structuring over numerous international jurisdictions.</p> <p>For the 6 years prior to MLC, Kos was a tax lawyer at PriceWaterhouseCoopers (PWC) in the PWC Sydney legal division. Kos was a client tax manager specialising in financial services and advised clients such as Colonial, Bank of America, DB RREEF and Lumley.</p> <p>Kos is experienced in structuring corporate acquisitions and managing highly specialised and innovative fund products.</p>
Special Responsibilities	Chairman

Mr John Stratilas	Director (Non-Executive)
Experience	John brings to the Board over 20 years of experience in operating a number of businesses. During this time he has established, operated and sold businesses in the food industry and commercial property development and management market.
Special Responsibilities	None

Mr Alex Dimos	Director (Non-Executive)
Qualifications	Bachelor of Economics (Macquarie University) , Graduate Diploma in Financial Planning (Deakin University)
Experience	<p>Alex is a financial advisor with over 18 years' experience across several disciplines in the financial services industry.</p> <p>Alex commenced his career in 1995 with an ASX listed insurance company where he held various management roles that offered him exposure to underwriting, claims and business development. Alex left the insurance industry in the year 2000 to pursue his interest in equity and capital investment markets.</p> <p>From 2001 to 2005, Alex assumed a role as a private client financial advisor for Econ Financial Services, specialising in high net wealth individuals and practising largely in the area of self-managed superannuation.</p> <p>Currently, Alex is a Director of Econ Financial Services. He is charged with the responsibility of developing and maintaining an extensive financial planning advisory business.</p>
Special Responsibilities	Audit & Risk Committee, Nomination & Remuneration Committee

Mr Anthony Panoyan	Director (Executive)
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**Directors Report
For Year Ended 30th June 2013**

Qualifications	Bachelor of Economics (University of Sydney) Advanced Diploma in Business (North Sydney TAFE) RG 146 Compliance (Securities) (Kaplan Professional)
Experience	<p>Anthony has over 2 years experience in the finance industry. Over this time, he has held various roles and worked with numerous businesses ranging from startups right through to ASX listed companies.</p> <p>Anthony was an equity analyst at Fat Prophets (3 month employment) where he was responsible for carrying out investment research and analysis on listed companies across numerous industries. He held a corporate advisory role at Martin Place Securities (6 month employment) where he managed capital raising transactions and carried out research and analysis for his clients. Anthony has also held other related roles, which included a business financing consultant, advising SME's on their business financing strategies, and a business development manager for a media firm in the private equity space where he assisted listed and unlisted companies in their investor relations strategy.</p>
Special Responsibilities	Head of Corporate Analysis

Mr Peter Simpson	Director (Non-Executive)
Qualifications	Bachelor of Pharmacy, Master of Pharmacy
Experience	<p>Peter has over 35 years experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both Australian and international markets.</p> <p>For 8 years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of numerous pharmaceutical products.</p> <p>Peter held the position of Chief Executive Officer at Biota Holdings Ltd for 8 years. During this time he was responsible for the research and development of a first in-class antiviral drug for the treatment and prevention of influenza. The drug developed was Relenza which was subsequently licensed to Glaxo Limited and had global sales of over US\$1.9 billion from 2007 through to 2011.</p> <p>Currently, Peter maintains his association within the biotechnology and pharmaceutical industries and has an interest in late stage clinical studies and the commercialisation of Australian biomedical innovations and discoveries. Peter also has a keen interest in the fields of clinical immunology and cancer therapies</p>
Special Responsibilities	Investment Committee

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Directors Report
For Year Ended 30th June 2013

Information on Directors (*continued*)

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has entered into agreements to indemnify directors, and paid \$3,870 in insurance premiums for Directors & Officers coverage insurance, which includes cover for these indemnifications.

Director's Meetings

During the financial year, twelve (9) meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Director's Meetings		Due Diligence Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr Kosmas Dimitriou	2	2	-	-
Mr Peter Slimak	3	3	-	-
Mr John Stratilas	4	4	-	-
Mr George Symmalis	2	2	-	-
Mr Brendan Selby Scorer	3	3	-	-
Mr Alex Dimos	1	1	-	-
Mr Anthony Panoyan	1	1	5	5
Mr Peter Simpson	-	-	-	-

Company Secretary

The following person held the position of company secretary as at the end of the financial year.

Mr Spiro Sakiris	
Qualifications	B.Bus (University of Technology, Sydney), Dip. Law (Legal Practitioners Admissions Board of NSW) Member Institute of Chartered Accountants Australia, Registered Company Auditor & Tax Agent, ASIC RG146.
Experience	<p>Spiro has been a partner of Economos Chartered Accountants since 1990. He is a registered Company Auditor and Tax Agent. During his 29 years' experience in the Chartered Accountancy profession he has been involved in the areas of business & corporate advisory, taxation, audit and business systems designs across many industries including health, manufacturing, wholesale & distributions, retailing and construction.</p> <p>He has had previous experience as an auditor with Arthur Young (now Ernst & Young)</p> <p>Spiro is the Compliance Officer of Econ Financial Services Pty Ltd [AFSL 293876]. Spiro is ASIC RG 146</p>

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**Directors Report
For Year Ended 30th June 2013**


Rounding of Amounts

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

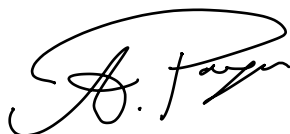
Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 7 of the financial report.

This director's report is signed in accordance with a resolution of the Board of Directors:



KOSMAS DIMITRIOU
Director



ANTHONY PANOYAN
Director

Dated in Sydney, this ~~24~~ day of October 2013

**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001
To the members of IQX Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there has 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.

FORTUNITY ASSURANCE



T R DAVIDSON
Partner

Dated in Sydney, this 28 day of October 2013



IQX Limited
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**Statement of Comprehensive Income
For Year Ended 30th June 2013**

	Note	Consolidated		Parent	
		2013 \$	2012 \$	2013 \$	2012 \$
Other income	2	17,832	-	17,832	9,875
Employee costs		(407,232)	-	(407,232)	(96,497)
Depreciation and amortisation		(8,988)	-	(8,988)	(135)
IPO cost written off		(144,480)	-	(144,480)	-
Other expenses	3	(394,745)	-	(394,745)	(68,424)
Loss before income tax		(937,613)	-	(937,613)	(155,181)
Income tax (expense) / benefit	4	(44,698)	-	(44,698)	40,542
Loss for the year		(982,311)	-	(982,311)	(114,639)
Loss attributable to Members of the entity		(982,311)		(982,311)	(114,639)

**Statement of Financial Position
As at 30th June 2013**

		Consolidated		Parent	
	Note	2013 \$	2012 \$	2013 \$	2012 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	250,790	-	250,788	1,089,661
Financial assets	8	62,897	-	62,897	70,850
Other assets	9	1,833	-	1,833	66,747
TOTAL CURRENT ASSETS		315,520	-	315,518	1,227,258
NON-CURRENT ASSETS					
Investment in subsidiary		-	-	2	-
Financial assets	8	51,504	-	51,504	-
Property, plant and equipment	10	95,352	-	95,352	3,896
Deferred Tax Assets	15	-	-	-	40,542
TOTAL NON-CURRENT ASSETS		146,856	-	146,858	44,438
TOTAL ASSETS		462,376	-	462,376	1,271,696
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	34,725	-	34,725	33,396
Provisions	12	11,795	-	11,795	10,939
Borrowings	13	-	-	-	1,340,000
TOTAL CURRENT LIABILITIES		46,520	-	46,520	1,384,335
NON-CURRENT LIABILITIES					
Borrowings	13	1,560,000	-	1,560,000	-
TOTAL NON-CURRENT LIABILITIES		1,560,000	-	1,560,000	-
TOTAL LIABILITIES		1,606,520	-	1,606,520	1,384,335
NET ASSETS / (LIABILITIES)		(1,144,144)	-	(1,144,144)	(112,639)



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Statement of Financial Position
As at 30th June 2013

	Consolidated		Parent	
	2013	2012	2013	2012
Note	\$	\$	\$	\$
<hr/>				
EQUITY				
Issued capital	14 2,000	-	2,000	2,000
Retained earnings	(1,146,144)	-	(1,146,144)	(114,639)
TOTAL EQUITY	(1,144,144)	-	(1,144,144)	(112,639)



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Statement of Changes in Equity For the year ended 30th June 2013

2013 - Consolidated

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2012		-	-	-
Shares issued		2,000	-	2,000
Loss attributable to members		-	(1,096,950)	(1,096,950)
Share issue transaction cost		(49,194)	-	(49,194)
Balance at 30 June 2013		(47,194)	(1,096,950)	(1,144,144)

2012 - Consolidated

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 6 February 2012				
Shares issued during the year		2,000	-	2,000
Loss attributable to members		-	(114,639)	(114,639)
Balance at 30 June 2012		2,000	(114,639)	(112,639)

2013 - Parent

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2012		2,000	(114,639)	(112,639)
Loss attributable to members		-	(982,311)	(982,311)
Share issue transaction cost		(49,194)	-	(49,194)
Balance at 30 June 2013		(47,194)	(1,096,950)	(1,144,144)

2012 - Parent

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 6 February 2012		-	-	-
Shares issued during the year	14	2,000	-	2,000
Loss attributable to members		-	(114,639)	(114,639)
Balance at 30 June 2012		2,000	(114,639)	(112,639)



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Statement of Cash Flows For the year ended 30th June 2013

	Note	Consolidated		Parent	
		2013	2012	2013	2012
		\$	\$	\$	\$
Cash from operating activities:					
Payments to suppliers and employees		(883,636)	-	(861,224)	(178,234)
Interest received		17,832	-	17,832	9,875
Income taxes paid		(44,698)	-	(4,156)	-
Net cash used in operating activities	18	(910,502)	-	(847,548)	(168,359)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(104,340)	-	(100,444)	(4,031)
Purchase of financial assets		(132,535)	-	(61,687)	(79,949)
Net cash used in investing activities		(236,875)	-	(162,131)	(83,980)
Cash flows from financing activities:					
Proceeds from issue of shares		2,000	-	-	2,000
Proceeds from unsecured borrowing		1,560,000	-	220,000	1,340,000
Share issue cost paid		(163,833)	-	(49,194)	-
Net cash provided by financing activities		1,398,167	-	170,806	1,342,000
Net (decrease) / increase in cash held		250,790	-	(838,873)	1,089,661
Cash at the beginning of the financial year		-	-	1,089,661	-
Cash at end of financial year	7	250,790	-	250,788	1,089,661

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

The consolidated financial statements and notes represent those of IQX Limited and Controlled Entity (the “group”).

IQX Limited and Controlled Entity is a consolidated group limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on __ October 2013 by the directors of IQX Limited.

NOTE 1: Summary of Significant Accounting Policies

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report 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 (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

Comparative Figures

The parent company has commenced its operation on 6 February 2012. Accordingly, the comparative figures for the financial statements and related notes are for the period from 6 February 2012 to 30 June 2012. As such, the results of operations for the financial year ended 30 June 2013 are therefore not directly comparable with the results of operations for the period ended 30 June 2012.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by IQX Limited at the end of the reporting period. A controlled entity is an entity over which IQX Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

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

(a) Principles of Consolidation (*continued*)

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combination occurs where an acquirer obtains control over one or more businesses

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that the control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full "goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

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

(a) Principles of Consolidation (*continued*)

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) 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
Furniture, Fixtures and Fittings	15% to 30%
Plant and Equipment	10% to 15%
Leasehold Improvement	10%

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 revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

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

(c) 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.

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

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

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

(c) Financial Instruments (*continued*)

(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.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

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

(c) Financial Instruments (*continued*)

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

- 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.

(d) 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.

(e) 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. The company currently has one trademark pending which is recognised in the statement of financial position which is not amortised.

(f) 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

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

position.

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

(g) Employee Benefits

Provisions are 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 cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(h) Provisions

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

(i) Income Tax

The income tax expense (revenue) 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.

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

**Notes to and Forming Part of the Financial Statements
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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.

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

(i) Income Tax (*continued*)

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.

(j) 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.

(k) 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.

**Notes to and Forming Part of the Financial Statements
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All revenue is stated net of the amount of goods and services tax (GST).

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

(l) 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.

(m) 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.

Key judgments – impairment of receivables

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 2013.

(n) 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 Group has not adopted early. A discussion of those future requirements and their impact on the Group 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 re-classifiable to profit or loss subsequently.



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NOTE 2: Revenue and Other Income

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest revenue	17,832	-	17,832	9,875
	17,832	-	17,832	9,875

NOTE 3: Profit for the Year

Profit before income tax includes the following specific expenses:

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Contributions to employee superannuation plans	27,563	-	27,563	7,042
Other expenses				
Bank charges	906	-	906	34
Audit fee	5,500	-	5,500	2,000
Website expense	9,124	-	9,124	6,548
Shared service	132,000	-	132,000	22,000
Company Secretarial fee	39,164	-	39,164	9,626
Gain / (loss) on investments	18,134	-	18,134	9,098
Others	189,917	-	189,917	19,118
Total other expenses	394,745	-	394,745	68,424

NOTE 4: Income tax expense

(a) The components of tax expense /(benefit) comprise:

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Deferred tax	-	-	-	(40,542)
Over provision of prior year deferred tax	40,542	-	40,542	-
Tax effect of share issue cost	4,156	-	4,156	-
4(b)	44,698	-	44,698	(40,542)



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**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 4: Income tax expense (continued)

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

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	-	-	-	(46,554)
Add- Tax effect of:				
- non-deductible depreciation and amortisation	-	-	-	-
- other non-allowable items	-	-	-	2,730
- Provisions for annual leave	-	-	-	3,282
Less- Tax effect of:				
- over provision of prior year deferred tax	40,542	-	40,542	-
- share issue cost	4,156	-	4,156	-
-Income tax attributable to entity	44,698	-	44,698	(40,542)
The applicable weighted average effective tax rates are as follows:	5%	-	5%	(26%)

The Group has no franking credits at 30 June 2013 and 30 June 2012.

NOTE 5: Key Management Personnel Compensation

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

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Short-term employee benefits	229,966	-	229,966	62,250
Post-employment benefits	3,195	-	3,195	5,603
	233,161	-	233,161	67,853



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Notes to and Forming Part of the Financial Statements For the Year Ended 30th June 2013

NOTE 6: Auditors' Remuneration

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Remuneration of the auditor of the group for:				
- auditing the financial report	5,500	-	5,500	2,000

NOTE 7: Cash and Cash Equivalents

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash at bank	250,790	-	250,788	1,089,661
	250,790	-	250,788	1,089,661

Reconciliation of cash

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

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	\$	\$	\$	\$
Cash and cash equivalents	19	250,790	-	250,788	1,089,661
		250,790	-	250,788	1,089,661

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 8: Financial Assets

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
CURRENT				
Financial assets at fair value through profit or loss:				
-Held-for-trading Australian listed shares	-	-	-	28,900
-Other financial assets	62,897	-	62,897	41,950
Total current financial assets	62,897	-	62,897	70,850
 Available-for-sale financial assets				
Investments in Australian listed shares, available for sale	51,504	-	51,504	-
Total non-current financial assets	51,504	-	51,504	-
Total financial assets	114,401	-	114,401	70,850

Shares held for trading are traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any listed available-for-sale financial assets existed at 30 June 2013.

NOTE 9: Other Assets

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Prepayments	1,833	-	1,833	55,250
Advance deposit	-	-	-	11,497
	1,833	-	1,833	66,747



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Notes to and Forming Part of the Financial Statements For the Year Ended 30th June 2013

NOTE 10: Property, Plant and Equipment

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Furniture, fixture and fittings- at cost	16,634	-	16,634	4,031
Accumulated depreciation	(2,611)	-	(2,611)	(135)
	14,023	-	14,023	3,896
Plant and equipment - at cost	8,048	-	8,048	-
Accumulated depreciation	(859)	-	(859)	-
	7,189	-	7,189	-
Leasehold improvement – at cost	79,793	-	79,793	-
Accumulated depreciation	(5,653)	-	(5,653)	-
	74,140	-	74,140	-
Total property, plant and equipment	95,352	-	95,352	3,896

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:



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Notes to and Forming Part of the Financial Statements For the Year Ended 30th June 2013

NOTE 10: Property, Plant and Equipment (*continued*)

	Furniture, Fixtures and Fittings \$	Plant and Equipment \$	Leasehold Improvement \$	Total \$
2013- Consolidated				
Beginning balance as at 1 July 2012	-	-	-	-
Additions	16,499	8,048	79,793	104,340
Depreciation expense	(2,476)	(859)	(5,653)	(8,988)
Carrying amount as at 30 June 2013	14,023	7,189	74,140	95,352
2012 - Consolidated				
Beginning balance as at 1 July 2011	-	-	-	-
Additions	-	-	-	-
Depreciation expense	-	-	-	-
Carrying amount as at 30 June 2012	-	-	-	-
	Furniture, Fixtures and Fittings \$	Plant and Equipment \$	Leasehold Improvement \$	Total \$
2013- Parent				
Beginning balance as at 1 July 2012	3,896	-	-	3,896
Additions	12,603	8,048	79,793	100,444
Depreciation expense	(2,476)	(859)	(5,653)	(8,988)
Carrying amount as at 30 June 2013	14,023	7,189	74,140	95,352
	Furniture, Fixtures and Fittings \$	Plant and Equipment \$	Leasehold Improvement \$	Total \$
2012- Parent				
Beginning balance as at 6 February 2012	-	-	-	-
Additions	4,031	-	-	4,031
Depreciation expense	(135)	-	-	(135)
Carrying amount as at 30 June 2012	3,896	-	-	3,896

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 11: Trade and other payables

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
CURRENT				
Trade payables	17,176	-	17,176	-
Sundry payables and accrued expenses	17,549	-	17,549	33,396
(a)	34,725	-	34,725	33,396

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

		Consolidated		Parent	
	Note	2013	2012	2013	2012
		\$	\$	\$	\$
Trade and other payables		34,725	-	34,725	33,396
Financial liabilities as trade and other payables	19	34,725	-	34,725	33,396

NOTE 12: Provisions

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
CURRENT				
Employee benefits	11,795	-	11,795	10,939
	11,795	-	11,795	10,939
Analysis of Total Provisions	Annual Leave	Total	Annual Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2012	-	-	10,939	10,939
Additional provisions raised during the year	11,795	11,795	10,271	10,271
Amounts used	-	-	(9,415)	(9,415)
Balance at 30 June 2013	11,795	11,795	11,795	11,795



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**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 13: Borrowings

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
CURRENT				
Unsecured convertible note	-	-	-	1,340,000
Total current borrowings	-	-	-	1,340,000
NON-CURRENT				
Unsecured convertible note	1,560,000	-	1,560,000	-
Total non-current borrowings	1,560,000	-	1,560,000	-
Total borrowings	1,560,000	-	1,560,000	1,340,000

During the year, the Parent Company issued an additional \$220,000 in 0% interest Convertible Notes with a converting rate of \$0.20 per share. The Convertible Note holders are also entitled to receive 3 Options for each share subscribers for in the capital exercisable at \$0.10 at any time between 24 and 36 months from the date of listing of the Parent Company on the NSX. The notes are convertible at the discretion of the company

NOTE 14: Issued Capital

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
80,000,000 (2012:80,000,000) :-				
Ordinary fully paid shares	2,000	-	2,000	2,000
	2,000	-	2,000	2,000

(a) Ordinary Shares

	Consolidated		Parent	
	2013	2012	2013	2012
	No.	No.	No.	No.
At the beginning of reporting period	-	-	80,000,000	-
Shares during the year	80,000,000			
Shares issued during the year				
• - 2 February 2012	-	-	-	1,000,000
• - 17 February 2012	-	-	-	399,000,000
	-	-	-	400,000,000



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Notes to and Forming Part of the Financial Statements For the Year Ended 30th June 2013

NOTE 14: Issued Capital (cont)

Share consolidation (1 for 5)

- 7 June 2012

	-	-	-	80,000,000
At the end of reporting period	80,000,000	-	80,000,000	80,000,000

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.

NOTE 15: Tax

NON-CURRENT

2012 - Consolidated

Deferred tax assets

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Provisions	-	-	-	-
Benefits attributable to tax losses	-	-	-	-
Others	-	-	-	-
Balance as at 30 June 2012	-	-	-	-

Deferred tax liability

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Property, Plant & Equipment	-	-	-	-
Balance as at 30 June 2012	-	-	-	-

NON-CURRENT

2013 - Consolidated

Deferred tax assets

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Provisions	-	-	-	-
Benefits attributable to tax losses	-	-	-	-
Others	-	-	-	-
Balance as at 30 June 2013	-	-	-	-

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 15: Tax (continued)

Deferred tax liability

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Property, Plant & Equipment	-	-	-	-
Balance as at 30 June 2013	-	-	-	-

NON-CURRENT

2012 - Parent

Deferred tax assets

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Provisions	-	3,232	-	3,232
Benefits attributable to tax losses	-	34,580	-	34,580
Others	-	2,730	-	2,730
Balance as at 30 June 2012	-	40,542	-	40,542

Deferred tax liability

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Property, Plant & Equipment	-	-	-	-
Balance as at 30 June 2012	-	-	-	-

NON-CURRENT

2013 - Parent

Deferred tax assets

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
Provisions	3,232	(3,232)	-	-
Benefits attributable to tax losses	34,580	(34,580)	-	-
Others	2,730	(2,730)	-	-
Balance as at 30 June 2013	40,542	(40,542)	-	-

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 16: Contingent Liabilities and Contingent Assets

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

NOTE 17: Related Party Transactions

(a) The Group'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 Group:

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.

(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.

Key Management Personnel

Key management personnel compensation is disclosed in Note 5 of the accounts.

Entities subject to influence by the company

None

Beneficial Holdings

The direct, indirect and beneficial holding of directors and their director-related entities in the share and share options of the Group as at 30 June 2013 and 30 June 2012 was:

Shares: 5,200,000 Ordinary shares

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 18: Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax:

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Net loss for the year	(982,311)	-	(982,311)	(114,639)
Non-cash flows in profit				
- Depreciation & amortisation	8,988	-	8,988	135
- Unrealised loss from financial assets	18,134	-	18,134	9,099
Changes in assets and liabilities				
- (Increase)/decrease in prepayments	(1,833)	-	53,417	(55,250)
- (Increase)/decrease in advance deposit	-	-	11,497	(11,497)
- (Increase)/decrease in deferred tax assets	-	-	40,542	(40,542)
- Increase/(decrease) in trade payables and accruals	34,725	-	1,329	33,396
- Increase/(decrease) in provisions	11,795	-	856	10,939
Cash flow from operations	(910,502)	-	(847,548)	(168,359)

NOTE 19: Financial Risk Management

The Group'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:

		Consolidated		Parent	
		2013	2012	2013	2012
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	7	250,790	-	250,788	1,089,661
Financial assets	8	114,401	-	114,401	70,850

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

.NOTE 19: Financial Risk Management (cont)

Note	Consolidated		Parent	
	2013 \$	2012 \$	2013 \$	2012 \$
	365,191	-	365,189	1,160,511
Financial Liabilities				
Financial liabilities at amortised cost				
- Trade and other payables	11	-	34,725	33,396
Unsecured borrowings	13	-	1,560,000	1,340,000
	1,594,725	-	1,594,725	1,373,396

Financial Risk Management Policies

The directors overall risk management strategy is to assist the Group 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 cashflows are reviewed and approved by the board.

Specific Financial Risk Exposures and Management

The main risks the Group 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 Group 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 and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 19: Financial Risk Management (*continued*)

(a) Interest rate risk (*continued*)

Sensitivity Analysis

The following table illustrates sensitivities to the Group'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.

Consolidated	Profit \$	Equity \$
Year ended 30 June 2013		
+/- 2% in interest rates	5,016	5,016
Year ended 30 June 2012		
+/- 2% in interest rates	-	-
Parent	Profit \$	Equity \$
Year ended 30 June 2013		
+/- 2% in interest rates	5,016	5,016
Year ended 30 June 2012		
+/- 2% in interest rates	21,793	21,793

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group 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

Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013

NOTE 19: Financial Risk Management (*continued*)

(b) Liquidity risk (*continued*)

The Group 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.

Financial liability and financial asset maturity analysis

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial liabilities due for payment								
Trade and other payables	34,725	-	-	-	-	-	34,725	-
Unsecured borrowings	-	-	1,560,000	-	-	-	1,560,000	-
Total expected outflows	34,725	-	1,560,000	-	-	-	1,594,725	-
Financial assets – cash flows realisable								
Cash and cash equivalents	250,790	-	-	-	-	-	250,790	-
Other investments	62,897	-	51,504	-	-	-	114,401	-
Total anticipated inflows	313,687	-	51,504	-	-	-	365,191	-
Net (outflow)/inflow on financial instruments	278,962	-	(1,508,496)	-	-	-	(1,229,534)	-

Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013

NOTE 19: Financial Risk Management (*continued*)

(b) Liquidity risk (*continued*)

Financial liability and financial asset maturity analysis

Parent	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial liabilities due for payment								
Trade and other payables	34,725	33,396	-	-	-	-	34,725	33,396
Unsecured borrowings	-	1,340,000	1,560,000	-	-	-	1,560,000	1,340,000
Total expected outflows	34,725	1,373,396	1,560,000	-	-	-	1,594,725	1,373,396
Financial assets – cash flows realisable								
Cash and cash equivalents	250,788	1,089,661	-	-	-	-	250,788	1,089,661
Other investments	62,897	70,850	51,504	-	-	-	114,401	70,850
Total anticipated inflows	313,685	1,160,511	51,504	-	-	-	365,189	1,160,511
Net outflow)/inflow on financial instruments	278,960	(212,885)	(1,508,496)	-	-	-	(1,229,536)	(212,885)

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.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 19: Financial Risk Management (*continued*)

Net Fair Values (*continued*)

Fair value estimation (continued)

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.

Consolidated

		2013	
	Note	Net Carrying Value \$	Net Fair value \$
Financial Assets			
Cash and cash equivalents		250,790	250,790
Financial assets		114,401	114,401
Total financial assets		365,191	365,191
Financial Liabilities			
Trade and other payables		34,725	34,725
Unsecured borrowings		1,560,000	1,560,000
Total financial liabilities		1,594,725	1,594,725

Parent

		2013	
	Note	Net Carrying Value \$	Net Fair value \$
Financial Assets			
Cash and cash equivalents		250,788	250,788
Financial assets		114,401	114,401
Total financial assets		365,189	365,189
Financial Liabilities			
Trade and other payables		34,725	34,725
Unsecured borrowings		1,560,000	1,560,000
Total financial liabilities		1,594,725	1,594,725

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30th June 2013**

NOTE 19: Financial Risk Management (*continued*)

Net Fair Values (*continued*)

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

- i. (i) Cash and cash equivalents, financial assets, trade and other payables and borrowings 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 20: Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period other than the resignation of director and appointment of new director as disclosed in the directors report.

NOTE 21: Comparatives

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation in accordance with the AASB 101: Presentation of Financial Statements:

	Parent 2012
	\$
From trade and other payables to provisions	10,939

NOTE 22: Company Details

The registered office of the company is:

IQX Limited
c/o- Economos Pty Ltd
The Galleries Victoria, Podium, Level 1
500 George Street
SYDNEY NSW 2000

The principal place of business is:

Level 3, 222 Clarence Street
SYDNEY NSW 2000



IQX Limited

ABN 51 155 518 380

Directors' Declaration

For the Year Ended 30th June 2013

In accordance with the resolution of the directors of IQX Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 36, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - a. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year then ended of the consolidated group.
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.

A handwritten signature in black ink, appearing to read 'Kosmas'.

KOSMAS DIMITRIOU
Director

A handwritten signature in black ink, appearing to read 'A. Panoayan'.

ANTHONY PANOYAN
Director

Dated in Sydney, this ~~24~~ day of October 2013

**Independent Audit Report to the Members of
IQX Limited**

Report on the Financial Report

We have audited the accompanying financial report of IQX Limited, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of IQX Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of IQX Limited is in accordance with the *Corporations Act 2001*, including:
 - i. (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date: and
 - ii. (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

FORTUNITY ASSURANCE



T R DAVIDSON
Partner

Dated in Sydney, this 28 day of October 2013