

FORM: Half yearly/~~preliminary~~ final report

Name of *issuer*

iQnovate Limited

ACN or ARBN

26 149 731 644

Half yearly
(tick)

✓

Preliminary
final (tick)

✓

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

1/07/2014 – 31/12/2014

For announcement to the market

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

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

				\$A,000
Revenue (item 1.1)	down	52%	to	218
Profit (loss) for the period (item 1.9)	down	151%	to	-1,672
Profit (loss) for the period attributable to members of the parent (item 1.11)	down	151%	to	-1,672
Dividends	Current period		Previous corresponding period	
Franking rate applicable:				
Final dividend (preliminary final report only)(item 10.13-10.14)	Nil		Nil	
Amount per security				
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 – 10.12)	Nil		Nil	
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

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)

Refer to financial statements

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

Date

Time

Approximate date the annual report will be available

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/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:

- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> 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: Date: 13-03-2015
(Director/Company secretary)

Dr George Syrmalis
Print name:

iQnovate Limited and Consolidated Entities

ABN: 26 149 731 644

Financial Statements

For the Half Year Ending 31 December 2014

NSX:IQN
GXG:IQN
OTC:IQNDY

iQnovateTM
Life Science Organisation

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For the Half Year Ending 31 December 2014

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Directors' Report

31 December 2014

The directors submit the financial report of the Group for the half year ended 31 December 2014.

1. General information

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Dr George Symmalis

Con Tsigounis

Peter Simpson

William Economos (resigned 25/11/2014)

Review of operations

The consolidated loss of the Group for the period after providing for income tax amounted to \$(1,672,412). 2014 was a solid and tactical year for iQNovate Ltd. We positioned the company for long-term growth, and continued to fulfil our mission to develop our infrastructure for innovative scientific IP. Our performance in 2014 reflects corporate strength and effective commercial execution, commitment to operational efficiency, dedication of our staff, and sound capital allocation decisions. Building on this, we entered 2015 with momentum and confidence in our ability to execute our long-term strategy of bridging science with business.

More specifically, executing on the strategy we have been formulating since our inception. The result was an increase in operating revenue and the foundation of two wholly owned subsidiaries, FarmaForce Pty Ltd and Clinical Research Corporation Pty Ltd (CRC Pty Ltd).

FarmaForce is Australia's most innovative Pharmaceutical sales organisation and is currently executing various transactions with multinational pharmaceutical companies. FarmaForce's business is growing rapidly; hence the decision has been made by the Board of Directors to proceed with a listing on the ASX. It is anticipated that FarmaForce will finalise the listing process around late June 2015. FarmaForce is currently in the process of preparing its Prospectus for submission to the regulator. Further to this milestone, iQnovate's business development efforts appear to be paying off as we are in the final stages of negotiating intellectual property rights pertinent to biopharmaceutical compounds, which the company believe has a high probability of being developed into pharmaceuticals. This is a forward looking statement and should be considered as such by the reader.

Finally, the rapid evolution of the company has demanded a corporate presence in a more active, liquid and visible exchange. As a result we have commenced the application to cross list the Company's shares on NASDAQ Capital Markets in the USA.

The architecture of our enterprise, which we have been preparing for the past three years, is based on the following seven pillars;

- Delivery for Shareholders
- Continued scientific momentum
- Development of emerging late-stage pipeline IP on compounds or technology platforms
- Greater combined value through acquisitions and partnerships
- Transforming biologics clinical development
- Capitalisation on a growing biosimilars market
- Momentum in global expansion through exposure to overseas investors

My fervent belief is that if we serve our customers exceptionally well and we anticipate and deliver against their needs, then we will deliver meaningful returns to all our stakeholders; including investors, our employees and the patients who ultimately benefit from our success.

Directors' Report

31 December 2014

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2014 has been received and can be found on page 2 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'G. Syrmalis', with a stylized flourish extending to the right.

Dr George Syrmalis

Chairman and Chief Executive Officer

Dated this 12th day of March 2015

iQnovate Limited and Consolidated Entities

ABN: 26 149 731 644

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014, there have been:

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

Fortunity Assurance

A handwritten signature in black ink, appearing to read 'TR Davidson', is written over a faint, circular, textured background.

TR Davidson
Partner

Dated: 12 March, 2015

155 The Entrance Road, Erina, NSW

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2014

	Note	Consolidated		Parent	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		\$	\$	\$	\$
Revenue	2	218,514	454,746	752,734	454,746
Employee benefits expense	3	(770,944)	(605,347)	(460,286)	(605,347)
Office sharing costs	3	(417,766)	(252,855)	(418,686)	(252,855)
Depreciation and amortisation expense	3	(25,015)	(10,993)	(8,352)	(10,993)
IPO and listing costs		(61,120)	(88,120)	(61,120)	(88,120)
Other expenses		(615,881)	(164,764)	(339,120)	(164,764)
Finance costs	3	(200)	-	-	-
Profit before income tax		(1,672,412)	(667,333)	(534,830)	(667,333)
Income tax expense		-	-	-	-
Profit for the half year		(1,672,412)	(667,333)	(534,830)	(667,333)
Profit attributable to:					
Members of the parent entity		(1,672,412)	(667,333)	(534,830)	(667,333)
Earnings per share					
From continuing operations:					
Basic earnings per share (cents)		(4.14)	(1.75)	(1.32)	(1.75)
Diluted earnings per share (cents)		(4.03)	(1.59)	(1.29)	(1.59)

Statement of Financial Position

31 December 2014

		Consolidated		Parent	
		31 December	30 June	31 December	30 June
		2014	2014	2014	2014
Note		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		558,131	691,417	212,788	376,549
Trade and other receivables	4	234,938	212,203	192,332	307,108
TOTAL CURRENT ASSETS		793,069	903,620	405,120	683,657
NON-CURRENT ASSETS					
Trade and other receivables	4	61,379	59,760	61,379	58,240
Investments in subsidiaries		-	-	2	2
Property, plant and equipment	5	334,728	287,736	111,721	95,912
Deferred tax assets		877,275	877,275	877,275	877,275
TOTAL NON-CURRENT ASSETS		1,273,382	1,224,771	1,050,377	1,031,429
TOTAL ASSETS		2,066,451	2,128,391	1,455,497	1,715,086
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables		386,942	367,187	238,922	123,711
Financial liabilities	6	1,741,132	460,066	26	-
TOTAL CURRENT LIABILITIES		2,128,074	827,253	238,948	123,711
NON-CURRENT LIABILITIES					
TOTAL LIABILITIES		2,128,074	827,253	238,948	123,711
NET ASSETS		(61,623)	1,301,138	1,216,549	1,591,375
EQUITY					
Issued capital		4,275,304	4,255,239	4,275,304	4,115,304
Non-controlling interest		534,394	-	-	-
Reserves		24,765	24,765	24,765	24,765
Retained earnings		(4,651,278)	(2,978,866)	(3,083,520)	(2,548,690)
Capital raising costs		(244,808)	-	-	-
Total equity attributable to equity holders of the Company		(61,623)	1,301,138	1,216,549	1,591,379
TOTAL EQUITY		(61,623)	1,301,138	1,216,549	1,591,379

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2014

31 December 2014

	Ordinary Shares	Retained Earnings	Option Reserve	Non-controlli ng Interests	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2014	4,115,304	(2,548,690)	24,765	-	1,591,379
Shares issued during the year	160,000	-	-	-	160,000
Profit/ (loss) attributable to members of the entity	-	(534,830)	-	-	(534,830)
Balance at 31 December 2014	4,275,304	(3,083,520)	24,765	-	1,216,549

31 December 2013

	Ordinary Shares	Retained Earnings	Parent Option Reserve	Non-controlli ng Interests	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2013	3,857,804	(1,567,513)	24,765	-	2,315,056
Shares issued during the year	157,500	-	-	-	157,500
Profit/ (loss) attributable to members of the entity	-	(667,333)	-	-	(667,333)
Balance at 31 December 2013	4,015,304	(2,234,846)	24,765	-	1,805,223

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2014

31 December 2014

Note	Consolidated				Total \$
	Ordinary Shares \$	Retained Earnings \$	Option Reserve \$	Non-controlli ng Interests \$	
Balance at 1 July 2014	4,115,304	(2,978,866)	24,765	-	1,161,203
Shares issued during the year	160,000	-	-	-	160,000
Profit/ (loss) attributable to members of the entity	-	(1,672,412)	-	-	(1,672,412)
Non-controlling interest	534,394	-	-	-	534,394
Capital raising costs	(244,808)	-	-	-	(244,808)
Balance at 31 December 2014	4,564,890	(4,651,278)	24,765	-	(61,623)

31 December 2013

Note	Consolidated				
	Ordinary Shares \$	Retained Earnings \$	Option Reserve \$	Non-controlli ng Interests \$	
Balance at 1 July 2013	3,857,804	(1,567,513)	24,765	-	
Shares issued during the year	157,500	-	-	-	
Profit/ (loss) attributable to members of the entity	-	(667,333)	-	-	
Balance at 31 December 2013	4,015,304	(2,234,846)	24,765	-	

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2014

31 December 2013

	Note	Total \$
Balance at 1 July 2013		<u>2,315,056</u>
Shares issued during the year		157,500
Profit/ (loss) attributable to members of the entity		<u>(667,333)</u>
Balance at 31 December 2013		<u><u>1,805,223</u></u>

Statement of Cash Flows

For the Half Year Ended 31 December 2014

Note	Consolidated		Parent	
	31 December 2014 \$	31 December 2013 \$	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	146,078	454,746	864,371	454,746
Payments to suppliers and employees	(1,841,611)	(1,180,695)	(1,166,638)	(1,180,695)
Interest received	2,514	-	2,514	-
Interest paid	(200)	-	-	-
Net cash provided by/(used in) operating activities	(1,693,219)	(725,949)	(299,753)	(725,949)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of plant and equipment	484	-	484	-
Purchase of property, plant and equipment	(264,720)	(28,000)	(24,518)	(28,000)
Net cash used by investing activities	(264,236)	(28,000)	(24,034)	(28,000)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issue of shares	160,000	157,500	160,000	157,500
Proceeds from Private Placement (to be allotted)	-	20,000	-	20,000
Proceeds from short-term borrowings	-	1,511	-	1,511
Proceeds from issue of convertible shares	2,275,501	-	-	-
Payment of transaction costs	(296,490)	-	-	-
Net cash used by financing activities	2,139,011	179,011	160,000	179,011
Net increase/(decrease) in cash and cash equivalents held	181,556	(574,938)	(163,787)	(574,938)
Cash and cash equivalents at beginning of year	376,549	1,356,019	376,549	1,356,019
Cash and cash equivalents at end of the half year	558,105	781,081	212,762	781,081

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

The financial report covers iQnovate Limited and Consolidated Entities and its controlled entities ('the Group'). iQnovate Limited and Consolidated Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 10 March 2015.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of iQnovate Limited and Consolidated Entities and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with 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.

2 Revenue and Other Income

Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	Consolidated		Parent	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	\$	\$	\$	\$
Sales revenue				
- provision of services	216,000	454,746	750,220	454,746
	216,000	454,746	750,220	454,746
Finance income				
- other interest received	2,514	-	2,514	-
Finance income	2,514	-	2,514	-
Other revenue				
	2,514	-	2,514	-
Total Revenue	218,514	454,746	752,734	454,746

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

3 Result for the Year

(a) Expenses

	Consolidated		Parent	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	\$	\$	\$	\$
Depreciation and Amortisation				
Depreciation of property, plant and equipment	25,015	10,993	8,352	10,993
Total Depreciation and Amortisation	25,015	10,993	8,352	10,993
Interest expense on financial liabilities	200	-	-	-
Employee benefits expense	770,944	605,347	460,286	605,347

4 Trade and other receivables

	Consolidated		Parent	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$	\$	\$	\$
CURRENT				
Trade receivables	120,779	70,887	82,985	67,926
	120,779	70,887	82,985	67,926
Prepayments	108,849	87,634	109,881	69,208
Deposits	597	8,900	597	7,380
Other receivables	4,713	44,782	(1,131)	(8,458)
Amounts receivable from related parties - wholly owned subsidiaries	-	-	-	171,052
Total current trade and other receivables	234,938	212,203	192,332	307,108

	Consolidated		Parent	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$	\$	\$	\$
NON-CURRENT				
Deposits	61,379	59,760	61,379	58,240
Total non-current trade and other receivables	61,379	59,760	61,379	58,240

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

5 Property, plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

At cost	105,134	59,119	38,781	23,350
Accumulated depreciation	(16,775)	(5,800)	(9,307)	(5,601)

Total plant and equipment	88,359	53,319	29,474	17,749
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Furniture, fixtures and fittings

At cost	40,179	28,830	14,579	10,790
Accumulated depreciation	(4,495)	(1,858)	(2,555)	(1,780)

Total furniture, fixtures and fittings	35,684	26,972	12,024	9,010
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Leasehold Improvements

At cost	224,389	209,948	76,435	71,621
Accumulated amortisation	(13,704)	(2,503)	(6,212)	(2,468)

Total leasehold improvements	210,685	207,445	70,223	69,153
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Total plant and equipment	334,728	287,736	111,721	95,912
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Total property, plant and equipment	334,728	287,736	111,721	95,912
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(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Improvement s \$	Total \$
Parent				
Half Year ended 31 December 2014				
Balance at the beginning of year	17,750	9,009	69,153	95,912
Additions	15,430	3,814	5,274	24,518
Disposals - written down value	-	(24)	(460)	(484)
Depreciation expense	(3,706)	(775)	(3,744)	(8,225)
Balance at the end of the half year	29,474	12,024	70,223	111,721

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

5 Property, plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment continued

Parent	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Computer Software \$
Year ended 30 June 2014				
Balance at the beginning of year	19,033	31,425	11,091	3,102
Additions	5,783	3,410	6,229	1,794
Disposals - written down value	(3,418)	(22,444)	(10,562)	(1,833)
Depreciation expense	(3,649)	(3,381)	(6,758)	(3,063)
Balance at the end of the half year	17,749	9,010	-	-
			Improvement s \$	Total \$
Parent				
Year ended 30 June 2014				
Balance at the beginning of year			66,809	131,460
Additions			57,240	74,456
Disposals - written down value			(47,720)	(85,977)
Depreciation expense			(7,176)	(24,027)
Balance at the end of the half year			69,153	95,912
			Improvement s \$	Total \$
Consolidated				
Half Year ended 31 December 2014				
Balance at the beginning of year	53,320	26,971	207,445	287,736
Additions	46,015	11,374	14,901	72,290
Disposals - written down value	-	(24)	(460)	(484)
Depreciation expense	(10,976)	(2,637)	(11,201)	(24,814)
Balance at the end of the half year	88,359	35,684	210,685	334,728

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

5 Property, plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment continued

Consolidated	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Computer Software \$
Year ended 30 June 2014				
Balance at the beginning of year	54,802	49,465	17,540	4,896
Additions	5,783	3,410	-	-
Disposals - written down value	(3,418)	(22,444)	(10,562)	(1,833)
Depreciation expense	(3,848)	(3,459)	(6,978)	(3,063)
Balance at the end of the half year	53,319	26,972	-	-

Consolidated	Improvement s \$	Total \$
Year ended 30 June 2014		
Balance at the beginning of year	205,136	331,839
Additions	57,240	66,433
Disposals - written down value	(47,720)	(85,977)
Depreciation expense	(7,211)	(24,559)
Balance at the end of the half year	207,445	287,736

6 Borrowings

	Consolidated		Parent	
	31 December 2014 \$	30 June 2014 \$	31 December 2014 \$	30 June 2014 \$
CURRENT				
Unsecured liabilities:				
Convertible notes	1,741,106	460,066	-	-
Bank overdraft	26	-	26	-
	1,741,132	460,066	26	-
Total current borrowings	1,741,132	460,066	26	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

6 Borrowings continued

(a) Convertible notes

During the year ended 30 June 2014 the subsidiaries of the company issued 0% interest \$600,000 in Convertible Notes. A further \$1,675,500 were issued during the period ended 31 December 2014.

The Notes are convertible to ordinary shares in the subsidiary companies from the date of admission on an approved stock exchange.

The Converting Notes are compound financial instruments. The present value of the liability component at initial recognition was \$1,741,106. The balance of \$534,394 was recognised in equity as a non-controlling interest.

7 Dividends

There were no dividends declared or paid in the current or previous financial half year.

8 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2015	Percentage Owned (%)* 2014
Subsidiaries:			
FarmaForce Pty Limited	Australia	100	100
Clinical Research Corporation Pty Limited	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

9 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2014.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

10 Related Parties

(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 any director (whether executive or otherwise) of that entity are considered key management personnel.

(ii) Subsidiaries:

The consolidated financial statements include the financial statements of iQnovate Limited and Consolidated Entities and its subsidiaries. For details of subsidiaries, see note 8.

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	Consulting fees	Capital raising fees	Office sharing cost	Shared services revenue
KMP related parties - consolidated				
iQ3CORP Limited	10,909	241,400	154,948	(108,000)
iQX Limited	-	-	262,817	(108,000)
KMP related parties - parent				
iQ3CORP Limited	10,909	-	154,948	(108,000)
iQX Limited	-	-	262,817	(108,000)
Subsidiaries				
Clinical Research Corporation Pty Limited	-	-	272	(267,872)
FarmaForce Pty Limited	-	-	649	(266,349)

Mr Spiro Sakiris is both the Chief Operations Officer and the Chief Financial Officer of iQ3CORP Limited and iQX Limited.

11 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

12 Company Details

The registered office of the company is:

iQnovate Limited
Level 3, 222 Clarence Street
Sydney, NSW 2000

The principal places of business are:


Level 3, 222 Clarence Street
Sydney, NSW 2000

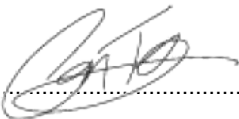
Directors' Declaration

The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2014 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 dated 10 March 2015.

Director

Director

Dated this 12th day of March 2015

iQnovate Limited and Consolidated Entities

ABN: 26 149 731 644

Independent Auditor's Review Report to the members of iQnovate Limited and Consolidated Entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iQnovate Limited and Consolidated Entities, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the 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 Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2014 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 and Consolidated Entities, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of iQnovate Limited and Consolidated Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

iQnovate Limited and Consolidated Entities

ABN: 26 149 731 644

Independent Auditor's Review Report to the members of iQnovate Limited and Consolidated Entities

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 and Consolidated Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Fortunity Assurance

A handwritten signature in black ink, appearing to read 'TR Davidson', is written over a faint, circular, light-grey watermark that contains the word 'Fortunity'.

TR Davidson
Partner

155 The Entrance Road, Erina, NSW

Dated this 12th day of March, 2015