



[ANNUAL FINANCIAL REPORT]

FOR THE YEAR ENDED 30 JUNE 2015

Contents

Year ended 30 June 2015

	Page
Annual Financial Report	
Chairman's Report	1
Corporate Governance Statement	2
Directors' Report	11
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Financial Statements	28
Directors' Declaration	50
Independent Audit Report	51
Additional Information for Listed Public Companies	53

Chairman and CEO Report

On behalf of the board of directors, we are pleased to present the operational and financial review for iQX Limited for the financial year ended 30 June 2015.

The iQX team has successfully continued to implement the company's strategy, hence fulfilling on its deliverables including:

- The launch of the iQ Series 8 Life Science Fund (Global). As previously announced, this milestone demonstrates the Company's capability to develop niche investment funds comprising a select portfolio of unlisted Life Science entities.
- Commenced the process to list the Company's depository receipts on the NASDAQ Capital Markets USA;
- The establishment of a pipeline of investments, on a global scale in order to continue the journey of eradicating disease through capital investment; and
- Has concluded the design, build and infrastructure of its proprietary series of local and global biotech indices (iQdex) and will be launching to the public in the next few weeks.

The net loss after tax of the group for the year ended 30 June 2015 was \$1,276,297 (2014: \$1,246,283), which represents expenditure required for building this infrastructure and the screening of early stage biotechnology investments.

During the 2015 income year, iQX resolved to undertake a private placement of the Company's shares. In preparing for the outcome of screening of a number of opportunities in early stage biotech investments, the placement was extended until 28 February 2016 and is expected to raise up to \$5,000,000 by way of a placement to sophisticated and professional investors. The funds raised will be applied to the continued strategy of developing the Company's funds management business, its investment infrastructure and the screening of early stage biotechnology investments.

The net assets at year-end were \$1,471,936 compared to \$1,439,724 in the previous year. This provides an overall strengthening of working capital to fund the growth opportunities moving forward.

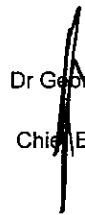
iQX Limited is always seeking to deliver value to all its stakeholders and to ensure that we partner with the iQ group of companies to identify and invest into sustainable early stage biotechnology investments, on a global scale in order to continue the journey of eradicating disease through capital investment.

We are confident that our entrepreneurial, curious and innovative iQX team, led by an aspirational and committed group of executive management and board members, can deliver on the clear mandate to build the iQX business and make a real difference within the Australian Life Science sector.



Kosmas Dimitriou

Chairman



Dr George Syrmalis

Chief Executive Officer

Corporate Governance Statement

30 June 2015

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company's corporate governance policies and procedures comply with Annexure 1 of the National Securities Exchange of Australia (NSX) Practice Note 14. In addition, the Company's corporate governance policies and procedures also incorporate those recommendations referred to in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Principles).

Principle 1: Lay solid foundations for management and oversight

Role of the Board and Management

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (CEO) and there is a formal delegations structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.

Responsibilities of the Board

The Board is responsible for:

- Overseeing the company, including its control and accountability systems;
- Overseeing the integrity of the accounting and corporate systems, including external audit;
- Appointing and removing the CEO/Managing Director;
- Where appropriate, ratifying the appointment and removal of senior executives;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- Monitoring senior executives performance and implementation of strategy;
- Ensuring timely and balanced disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and
- Monitoring the effectiveness of the entity's governance practices.

Allocation of individual responsibilities

Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions

Corporate Governance Statement

30 June 2015

of their appointment.

Responsibilities of management

Management are responsible for implementing the strategic objectives of the company and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Company.

Management is also responsible for providing the Board with accurate, timely clear information to enable the Board to perform its responsibilities.

Induction

All new Directors participate in a formal induction process co-ordinated by the Company Secretary. This induction process includes briefings on the Company's financial, strategic, operational and risk management position, the Company's governance framework and key developments in the Company and the industry and environment in which it operates.

Role and accountability of the Company Secretary

The Company Secretary is appointed by the Board and is responsible for:

- Advising the Board and its Committees on Governance matters;
- Monitoring compliance with Board policies and procedures;
- Co-ordinating Board papers;
- Accurately recording decisions and discussions from Board meetings; and
- Co-ordinating the induction and professional development of Directors.

In addition to the above responsibilities, the Company Secretary, Mr Kelvin Boateng, plays an integral role in monitoring the conduct and processes of the Board, as well as the dispatch of material to the Board members.

Ongoing training

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

Appointment of Board Members

Prior to appointing or putting forward a candidate for election to the Board, appropriate checks such as character, experience, criminal records and education are performed. All material information in the Company's possession is provided to security holders to allow them to make an informed decision about the suitability of the candidate at the Company's next Annual General Meeting of shareholders.

Principle 2: Structure the Board to add Value

The Board's policy is that the Board needs to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges faced by the company.

Corporate Governance Statement

30 June 2015

The names, independence status and terms of service of the members of the Board as at the date of this report are set out below:

Directors Name	Independence Status	Length of Service
Kosmas Dimitriou	Independent non-executive	Since November 2012
George Syrmalis	Executive	Since November 2014
Peter Simpson	Independent non-executive	Since August 2013
John Stratilas	Independent non-executive	Since February 2012
Alex Dimos	Non-executive	From March 2013 to November 2014
Anthony Panoyan	Executive	From March 2013 to April 2015

Details of the Board member's experience, expertise and qualifications are set out in the directors' report. The majority of the Board are independent.

Composition of the Board

The Board's composition is determined based on criteria set out in the Company's constitution and the Board Charter.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective;
- There is a sufficient number of directors to serve on Board committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Company must hold an election of Directors each year.

Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

- Audit and Risk Committee
- Remuneration and Nomination Committee

Each of these committees has established charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management as well as independent advice. Copies of the minutes of each Committee meeting are made available to the full Board, and the Chairman of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

Board skills matrix

The key skills required by the Board are highlighted in the matrix below, the Board believes that there is sufficient directors with these skills and there are no deficiencies in these skills in the current board.

- Risk and compliance: Identify key risks to the company related to each key areas of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.

Corporate Governance Statement

30 June 2015

- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, overseas budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the company should operate.

Independent decision making

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.

A Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to directors' independence and considers the following, at least annually, when determining if a Director is independent:

Whether the Director:

- Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- Is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the company or another group member other than as a director.

Role of the Chairman

The Chairman of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chairman facilitates the effective contribution of all directors and promotes constructive and respectful relations between directors and between Board and management.

Nomination Committee

The Nomination Committee meets as required during the year to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / Senior

Corporate Governance Statement

30 June 2015

Management;

- Directors' induction and continuing development;
- Board Committee membership; and
- Endorsement of Executive appointments.

The Nomination Committee's Charter which is available in the Corporate Governance section of the Company's website, sets out the Committee's responsibilities which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance.

Access to information

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the CEO or Company Secretary at any time.

In certain circumstances, each Director has the right to seek independent professional advice at the Company's expense, within specified limits, or with the prior approval of the Board.

Principle 3: Act ethically and responsibly

Code of conduct

The Company's Corporate Ethics Policy and Corporate Code of Conduct sets out the behaviour required of Directors, employees and contractors as appropriate and include the observance of legal and other compliance obligations that relate to the company's activities from time to time. The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A Corporate Code of Conduct has been established requiring directors and employees to:

- Act in the best interest of the entity;
- Act honestly and with high standards of personal integrity;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflicts of interest;
- Comply with the laws and regulations that apply to the entity and its operations;
- Not knowingly participate in any illegal or unethical activity; and
- Comply with the share trading policy outlined in the Code of Conduct.

A Corporate Governance Charter and Board Charter has been adopted which regulates the duties of Directors and their dealings with the company (including the trading of shares in the company) both internally and externally.

Corporate Governance Statement

30 June 2015

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- The adequacy of the entity's corporate reporting processes;
- Whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- The appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- The appointment or removal, rotation, independence and performance of the external auditor;
- The scope and adequacy of the external audit and any non-audit services;
- If, and when, the Company establishes an internal audit function:
 - * the appointment or removal of the head of internal audit;
 - * the scope and adequacy of the internal audit work plan; and
 - * the objectivity and performance of the internal audit function.

The members of the Audit and Risk Committee throughout the Reporting Period were:

Name	Executive / Non-Executive	Independent?
Kosmas Dimitrou	Non-executive	Yes
Alex Dimos	Non-executive	Yes
John Stratilas	Non-executive	Yes

The qualifications and experience of the Audit and Risk Committee members and their attendance at Committee meetings is included in the directors' report.

The Audit and Risk Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

External auditor

The Audit and Risk Committee oversees the relationship with the external auditor. In accordance with the *Corporations Act 2001*, the lead Audit Partner on the audit is required to rotate at the completion of a 5 year term.

The external auditor attends the AGM and is available to answer your shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Board have received from its Chief Executive Officer and Chief Operations Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Corporate Governance Statement

30 June 2015

Internal control

The Board is responsible for reviewing the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has received assurance from the Chief Executive Officer and the Chief Operations Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

iQX Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Company's website and issuing media releases.

The Annual Report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under the Investor Relations section of the company website.

The half year and full year financial results are announced to the NSX and are available to shareholders via the Company and NSX websites.

All announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings) are made available to all shareholders under the investor relations section of the Company website after they are released to the NSX. All NSX announcements, media releases and financial information are available on Company website within one day of public release.

Principle 6: Respect the rights of security holders

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Company has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.

The Company engages with its security holders through:

- Giving them ready access to information about the entity and its governance via the Company website;
- Communicating openly and honestly with them;
- Encouraging and facilitating their participation in meetings of security holders; and
- Providing an email address and telephone number on all communication for security holders who wish to contact the Company.

The Company makes all NSX announcements available via its website. In addition, shareholders who are registered receive email notification of announcements.

Corporate Governance Statement

30 June 2015

The Notice of Annual General Meeting (AGM) will be provided to all shareholders and posted on the company's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals.

For shareholders unable to attend, an AGM question form will accompany the Notice of Meeting, giving shareholders the opportunity to forward questions and comments to the company or the external auditor prior to the AGM.

Principle 7: Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.

The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Audit Committee and the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks.

The Board is responsible for reviewing the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board requires management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively.

The Board has received a report from management as to the effectiveness of the company's management of its material business risks.

The Company does presently not have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit and Risk Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however have not been used during the financial year.

Principle 8: Remunerate fairly and responsibly

The Company's remuneration policy is designed in such as a way that it:

- Motivates senior executives to pursue the long-term growth and success of the Company; and
- Demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets out the remuneration framework for the key management personnel (KMP) was developed by the Remuneration and Nomination Committee after seeking professional advice from independent consultants and was approved by the Board.

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration and Nomination Committee reviews executive remuneration policies and practices annually to ensure that executive packages are referable to company performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the company's profits and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives. It will also provide executives with the necessary incentives to achieve long-term growth in shareholder

Corporate Governance Statement

30 June 2015

value.

The Company's policies and practices surrounding the payment of bonuses, options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration policies and practices and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria.

Further information about the company's remuneration strategy and policies and their relationship to company performance can be found in the Remuneration Report which forms part of the directors' report, together with details of the remuneration paid to key management personnel.

Remuneration Committee

The responsibilities of the Remuneration and Nomination Committee include a review of and recommendation to the Board on:

- The company's remuneration, recruitment, retention and termination policies and procedures for senior executives
- Senior executives' remuneration and incentives
- Superannuation arrangements
- The remuneration framework for directors

Each member of the Remuneration and Nomination Committee:

- Is familiar with the legal and regulatory disclosure requirements in relation to remuneration
- Has adequate knowledge of executive remuneration issues, including executive retention and termination policies and short term and long term incentive arrangements.

Directors' Report

30 June 2015

The directors present their report, together with the financial statements of the Group, being iQX Limited (the Company) and its controlled entities, for the financial year ended 30 June 2015.

1. General information

Directors

The names of the directors in office at any time during the year and to the date of this report are:

Names	Position	Appointed/Resigned
Kosmas Dimitriou	Chairman	20/11/2012 to current
Dr George Syrmalis	Chief Executive Officer / Director	24/11/2014 to current
Peter Simpson	Director	14/08/2013 to current
John Stratilas	Director	6/02/2012 to current
Alex Dimos	Director	18/03/2013 to 24/11/2014
Anthony Panoyan	Director	18/03/2013 to 27/04/2015

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

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Kosmas Dimitriou	
Qualifications	Bachelor Commerce Laws (University of Western Sydney), Diploma of Legal Practice (Tax) (University of Sydney)
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 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. 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. Kos is experienced in structuring corporate acquisitions and managing highly specialised and innovative fund products.
Interest in shares and options	None
Special responsibilities	Chairman and a member of Audit and Risk Management and Remuneration and Nomination committees.
Other directorships in listed entities held in the previous three years	Kos is a current Non-executive Director of iQ3Corp Ltd

Directors' Report

30 June 2015

Information on directors continued

Alex Dimos

Qualifications

Bachelor of Economics (Macquarie University), Graduate Diploma in Financial Planning (Deakin University)

Experience

Alex was appointed a member Board in March 2013 and resigned in November 2014. Alex has over 18 years' experience across several disciplines in the financial services industry. 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. Currently, Alex is a Director of Econ Financial Services. He is in charged with the responsibility of developing and maintaining an extensive financial planning advisory business.

Interest in shares and options

38,990 ordinary shares and 75,000 options

Special responsibilities

Alex was a member of Audit and Risk Management and Remuneration and Nomination committees.

Other directorships in listed entities held in the previous three years

None

Anthony Panoyan

Qualifications

Bachelor of Economics (University of Sydney), Advanced Diploma in Business (North Sydney TAFE), Kaplan Professional (RG 146 Compliance (Securities)).

Experience

Anthony was appointed a member Board in March 2013 and resigned in April 2015. Anthony was an Executive Director of iQX Limited and Head of Corporate Analysis. Prior to joining iQX, Anthony held a number of roles in the finance sector. He has worked with numerous businesses ranging from start-ups right through to ASX listed companies. Anthony was an equity analyst at Fat Prophets (boutique equity research firm) 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 (stock broking firm) 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.

Interest in shares and options

None

Special responsibilities

Anthony was Head of Corporate Analysis prior to his resignation.

Other directorships in listed entities held in the previous three years

None

Directors' Report

30 June 2015

Information on directors continued

Peter Simpson

Qualifications

Master of Pharmacy (Monash University), Bachelor of Pharmacy (Monash University).

Experience

Peter has extensive over 35 years experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both Australian and international markets.

For eight (8) years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of over 80 pharmaceutical products in the Australian, UK and US markets.

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 an effective drug to cure all forms of influenza.

The drug developed was Relenza which was subsequently licensed to Glaxo Limited and has current sales of over US\$1 billion per annum.

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.

Interest in shares and options

None

Special responsibilities

Peter is a member of the Investment Committee

Other directorships in listed entities held in the previous three years

Peter is a current Non-executive Director of iQnovate Ltd

John Stratilas

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.

Interest in shares and options

1,600,000 ordinary shares

Special responsibilities

John is a member of Audit and Risk Management and Remuneration and Nomination committees.

Other directorships in listed entities held in the previous three years

None

Dr George Syrmalis

Qualifications

Trained in Nuclear Medicine-radiation immunology

Experience

Dr Syrmalis founded and led as CEO and Chairman of The Bionuclear Group SA, (1995-2005) incorporating Antisoma SA, Bionuclear Institute of Diagnosis and Therapy SA, Bionuclear Research and Development SA and Vitalcheck SA.

Interest in shares and options

15,811,812 ordinary shares

Special responsibilities

Dr Syrmalis is Chief Executive Officer

Other directorships in listed entities held in the previous three years

Dr Syrmalis is a current Executive Director of iQnovate Ltd

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

Directors' Report

30 June 2015

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

- General investing activities and exploring investment opportunities in the Life Science industry

There were no significant changes in the nature of the Group's principal activities during the financial year.

2. Operating results and review of operations for the year

Operating results

The iQX team has successfully continued to implement the company's strategy, hence fulfilling on its deliverables including:

- The launch of the iQ Series 8 Life Science Fund (Global). As previously announced, this milestone demonstrates the Company's capability to develop niche investment funds comprising a select portfolio of unlisted Life Science entities.
- Commenced the process to list the Company's depository receipts on the NASDAQ Capital Markets USA; and
- The establishment of a pipeline of investments, on a global scale in order to continue the journey of eradicating disease through capital investment.
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The net loss after tax of the group for the year ended 30 June 2015 was \$1,276,297 (2014: \$1,246,283), which represents expenditure required for building this infrastructure and the screening of early stage biotechnology investments.

During the 2015 income year, IQX resolved to undertake a private placement of the Company's shares. In preparing for the outcome of screening of a number of opportunities in early stage biotech investments, the placement was extended until 28 February 2016 and is expected to raise up to \$5,000,000 by way of a placement to sophisticated and professional investors. The funds raised will be applied to the continued strategy of developing the Company's funds management business, its investment infrastructure and the screening of early stage biotechnology investments.

The net assets at year-end were \$1,471,936 compared to \$1,439,724 in the previous year. This provides an overall strengthening of working capital to fund the growth opportunities moving forward.

Dividends paid or recommended

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

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial 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

Directors' Report

30 June 2015

financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in 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 Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Mr Kelvin Boateng is iQX Limited's Company Secretary and Head, Legal & Commercial Affairs. In this role, he serves as Company Secretary to the Board, as Committee Secretary for Board Committees, and as a Company Secretary for various companies in the IQ Group Global group of companies. Mr Boateng was appointed as Company Secretary of iQX Limited with effect from 22 July 2014.

Mr Boateng joined the Company in May 2014 after spending a number of years as a lawyer in private practice. Mr Boateng has also spent several years as a financial services lawyer at the Australian Securities and Investments Commission. Mr Boateng holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Sydney.

Directors' Report

30 June 2015

Meetings of directors

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

	Directors' Meetings		Audit Committee	
	Number attended	Number eligible to attend	Number eligible to attend	Number attended
Kosmas Dimitriou	9	9	1	1
Alex Dimos	2	2	1	1
Anthony Panoyan	8	8	-	-
Peter Simpson	9	10	-	-
John Stratilas	10	10	-	-
Dr George Syrmalis	6	8	-	-

Indemnification and insurance of directors and officers

The company has agreed to indemnify all the directors and executive officers against all loss, liability and cost suffered or incurred in connection with their offices or a breach by the Company of its obligations for which they may be held personally liable. The agreement provides for the Company to indemnify all the directors and executive officers provided that:

- (a) The liability does not arise out of conduct involving a lack of good faith.
- (b) The liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgement is given in their favour or in which they are acquitted.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of iQX Limited against legal costs incurred in defending proceedings for conduct other than:

- (a) A wilful breach of duty.
- (b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was \$23,526.

Indemnification of auditors

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Directors' Report

30 June 2015

Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
9 December 2013	9 December 2016	\$0.10	23,400,000
9 December 2013	9 December 2016	\$0.20	1,117,000
			<hr/> 24,517,000 <hr/>

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

For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2015 has been received and can be found on page 23 of the financial report.

4. Remuneration report (audited)

Remuneration policy

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Group in general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate maximum remuneration for non-executive Directors currently determined by the Group is \$300,000 per annum. Notwithstanding this the Directors have set the maximum remuneration for the financial year ended 30 June 2015 at \$175,000

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

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

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

The remuneration policy of iQX Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of iQX Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The performance of KMP is measured against criteria agreed biannually with each executive. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Directors' Report

30 June 2015

All remuneration paid to KMP is valued at the cost to the company and expensed.

Performance based remuneration

The Key Performance Indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Company believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short term and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, iQX Limited bases the assessment where appropriate on audited figures, however, in circumstances where the KPI involves comparison of the Group or a division within the Group to the market, independent reports may be obtained from organisations such as Standard & Poors. The use of such figures reduces any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for executive Directors and other senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration and do not expire after a fixed term. The agreements for executives (other than the Chief Executive Officer and Chief Operations Officer which require six months notice) may be terminated by giving one month notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Directors' Report

30 June 2015

Remuneration details for the year ended 30 June 2015

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	cash salary fees	short term bonus	Car allowance	termination payment	post employment pension and superannuation	
2015	\$	\$	\$	\$	\$	\$
Directors						
Kosmas Dimitriou	32,109	-	-	-	2,916	35,025
Alex Dimos	8,645	-	-	-	821	9,466
Anthony Panoyan	107,527	-	-	13,846	11,530	132,903
Peter Simpson	36,634	-	-	-	3,525	40,159
John Stratilas	32,109	-	-	-	3,050	35,159
Dr George Syrmalis	225,001	112,500	-	-	32,063	369,564
KMP						
Spiro Sakiris	117,826	30,000	25,000	-	16,419	189,245
	559,851	142,500	25,000	13,846	70,324	811,521

Directors' Report

30 June 2015

Remuneration details for the year continued ended 30 June 2015

		Short term		Post employment	
	Cash salary fees	Bonus	Car allowance	Pension and superannuation	Total
2014	\$	\$	\$	\$	\$
Directors					
Kosmas Dimitriou	32,109	-		2,970	35,079
Alex Dimos	24,082	-		2,460	26,542
Anthony Panoyan	96,580	12,000		10,044	118,624
Peter Simpson	18,730	-		1,733	20,463
John Stratilas	32,109	-		2,970	35,079
KMP					
Dr George Syrmalis	191,250	-		17,691	208,941
Spiro Sakiris	107,917	-	25,000	12,295	145,212
	<u>502,777</u>	<u>12,000</u>	<u>25,000</u>	<u>50,163</u>	<u>589,940</u>

Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Key management personnel options and rights holdings

	Balance at beginning of year	Other changes	Balance at the end of year
30 June 2015			
Directors			
Alex Dimos	75,000	-	* N/A
Other KMP			
Spiro Sakiris	565,950	-	565,950
	<u>640,950</u>	<u>-</u>	<u>565,950</u>

* Not applicable, Alex Dimos resigned as a director in November 2014.

	Balance at beginning of year	Other changes	Balance at the end of year
30 June 2014			
Directors			
Alex Dimos	75,000	-	75,000
Other KMP			
Spiro Sakiris	565,950	-	565,950
	<u>640,950</u>	<u>-</u>	<u>640,950</u>

Directors' Report

30 June 2015

Key management personnel shareholdings

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

	Balance at beginning of year	Other changes during the year	Balance at end of year
30 June 2015			
Directors			
Alex Dimos	38,990	-	* N/A
John Stratilas	1,600,000	-	1,600,000
Dr George Syrmalis	15,811,112	-	15,811,112
Other KMP			
Spiro Sakiris	266,730	-	266,730
	17,716,832	-	17,677,842

* Not applicable, Alex Dimos resigned as a director in November 2014.

	Balance at beginning of year	Other changes during the year	Balance at end of year
30 June 2014			
Directors			
Alex Dimos	13,990	25,000	38,990
John Stratilas	1,600,000	-	1,600,000
Other KMP			
Dr George Syrmalis	15,811,112	-	15,811,112
Spiro Sakiris	141,730	125,000	266,730
	17,566,832	150,000	17,716,832

Directors' Report

30 June 2015

KMP related party transactions

The Group undertook the following transactions with:

- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence, during the reporting period.

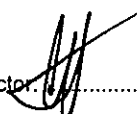
This is disclosed as under the related party disclosure note as per note to the annual financial statements.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:



Director:



Dated this 10th day of September, 2015

iQX Limited

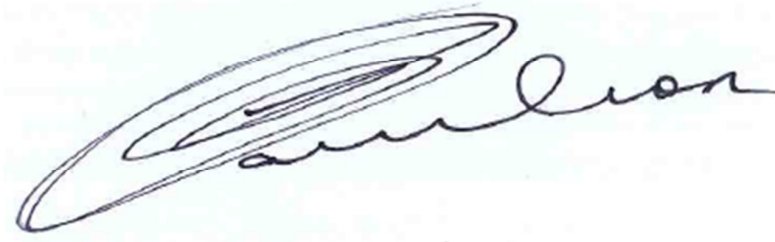
ACN 155 518 380

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of iQX Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

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

Fortunity Assurance

A handwritten signature in dark ink, appearing to read 'TR Davidson', is written over a light blue circular stamp. The signature is fluid and cursive.

TR Davidson
Partner

10 September 2015

155 The Entrance Road, Erina NSW 2250

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
Revenue	3	1,452,757	410,848
Other income		29	-
Employee benefits expense	4	(1,278,982)	(826,323)
IPO listing costs		(110,166)	(213,337)
Depreciation and amortisation expense		(16,954)	(12,419)
Consulting fees paid		(727,628)	-
Other expenses		(594,337)	(605,032)
Finance costs	4	(180)	(29)
Profit before income tax		(1,275,461)	(1,246,292)
Income tax expense		(836)	9
Total comprehensive income for the year		(1,276,297)	(1,246,283)
Profit attributable to:			
Members of the parent entity		(1,276,297)	(1,246,283)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(1.27)	(1.38)
Diluted earnings per share (cents)		(1.02)	(1.21)

Consolidated Statement of Financial Position**30 June 2015**

		Consolidated	
		2015	2014
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	968,009	1,166,161
Trade and other receivables	8	475,125	194,905
Other financial assets	9	5,413	56,912
TOTAL CURRENT ASSETS		1,448,547	1,417,978
NON-CURRENT ASSETS			
Financial assets	9	116,712	76,270
Property, plant and equipment	10	117,460	95,912
Deferred tax assets		1,320	1,500
Intangible assets	11	25,266	18,509
TOTAL NON-CURRENT ASSETS		260,758	192,191
TOTAL ASSETS		1,709,305	1,610,169
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	235,222	168,954
Current tax liabilities		2,147	1,491
TOTAL CURRENT LIABILITIES		237,369	170,445
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		237,369	170,445
NET ASSETS		1,471,936	1,439,724
EQUITY			
Issued capital	13	4,923,936	3,615,427
Reserves		167,530	167,530
Retained earnings		(3,619,530)	(2,343,233)
Total equity attributable to equity holders of the Company		1,471,936	1,439,724
TOTAL EQUITY		1,471,936	1,439,724

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

2015

	Note	Consolidated		
		Ordinary Shares	Retained Earnings	Option Reserve
		\$	\$	\$
Balance at 1 July 2014		3,615,427	(2,343,233)	167,530
Profit attributable to members of the parent entity		-	(1,276,297)	-
Capital raising costs		(122,491)	-	-
Convertible notes issued during the year		1,431,000	-	-
Balance at 30 June 2015		4,923,936	(3,619,530)	167,530

2014

	Note	Consolidated		
		Ordinary Shares	Retained Earnings	Option Reserve
		\$	\$	\$
Balance at 1 July 2013		(47,194)	(1,096,950)	-
Profit attributable to members of the parent entity		-	(1,246,283)	-
Shares issued during the year		4,152,000	-	167,530
Transaction costs		(489,379)	-	-
Balance at 30 June 2014		3,615,427	(2,343,233)	167,530

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

Note	Consolidated	
	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,527,453	326,668
Payments to suppliers and employees	(2,998,369)	(1,487,878)
Interest received	9,484	24,308
Net cash provided by/(used in) operating activities	22 (1,461,432)	(1,136,902)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	1,368	13,954
Purchase of financial assets	-	(18,782)
Payment for intangible asset	(6,757)	(18,509)
Purchase of property, plant and equipment	(39,840)	(27,012)
Net cash used by investing activities	(45,229)	(50,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	2,592,000
Proceeds from the issue of convertible notes	1,431,000	-
Payment of transaction costs	(122,491)	(489,378)
Net cash used by financing activities	1,308,509	2,102,622
Net increase/(decrease) in cash and cash equivalents held	(198,152)	915,371
Cash and cash equivalents at beginning of year	1,166,161	250,790
Cash and cash equivalents at end of financial year	7 968,009	1,166,161

Notes to the Financial Statements

For the Year Ended 30 June 2015

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

Each of the entities within the Group prepare 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 September 2015.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(b) Income Tax continued

tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, Plant and Equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(f) Property, Plant and Equipment continued

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10% to 15%
Furniture, Fixtures and Fittings	15% to 30%
Leasehold improvements	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- Acquired principally for the purpose of selling in the near future
- Designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- Which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

Available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the consolidated statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

All of the Group's derivative financial instruments that are not designated as hedging instruments in accordance with the strict conditions explained in AASB 139 are accounted for at fair value through profit or loss.

Hedging

On initial recognition of the hedge, documentation is prepared which shows the relationship between the hedged item and the hedging instrument, the risk management plan for the hedge and the methods for testing prospective and retrospective effectiveness.

Cash flow hedges

Where the risk management plan is to reduce variability in cashflows for a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss – the hedge is deemed to be a cash flow hedge.

The effective portion of the change in the fair value of the derivative is taken to other comprehensive income until the period in which the non-financial asset affects profit or loss. Any ineffective portion of the change in fair value of the derivative is taken immediately to profit or loss.

Fair value hedges

Changes in the fair value of derivatives and the hedged item where the hedge has been designated as a fair value hedge are taken to profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(h) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(i) Intangible Assets

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. Patents and trademarks are amortised over their useful life.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(l) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(m) Adoption of new and revised accounting standards

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting standards and AASB Interpretations that apply for the first time in 2014/2015 do not impact the financial statements of the company.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(n) New Accounting Standards and Interpretations continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	<p>Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.</p> <p>Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.</p> <p>New hedge accounting requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows:</p> <ul style="list-style-type: none"> - to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39); - changes in the accounting for the time value of options, the forward element of a forward contract and foreign currency basis spreads designated as hedging instruments; and - modification of the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%). <p>Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments; Disclosures.</p> <p>Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure:</p> <ul style="list-style-type: none"> - the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or - full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). 	<p>The impact is considered negligible. Hedge accounting is likely to be applied to more of the entity's transactions in future transactions - the impact on the reported financial position and performance is dependent on the volume and value of future derivatives. Other impacts on the reported financial position and performance have not yet been determined.</p>

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(n) New Accounting Standards and Interpretations continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2017	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

3 Revenue and Other Income

Revenue from continuing operations

	Consolidated	
	2015	2014
	\$	\$
Sales revenue		
- consulting fees	923,975	-
- shared services revenue	519,298	386,540
	1,443,273	386,540
Finance income		
- other interest received	9,484	24,308
Finance income	9,484	24,308
Total Revenue	1,452,757	410,848
Other Income		
Net gain on disposal of property, plant and equipment	29	-

Notes to the Financial Statements

For the Year Ended 30 June 2015

4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	Consolidated	
	2015	2014
	\$	\$
Finance Costs		
Financial liabilities measured at amortised cost:		
- Other interest expense	180	29
Total finance costs	180	29

The result for the year includes the following specific expenses:

Other expenses:		
Employee benefits expense	1,278,982	826,323

5 Income Tax Expense

(a) The major components of tax expense (income) comprise:

Current tax expense		
Local income tax - current period	656	1,491
Deferred tax expense		
Origination and reversal of temporary differences	180	(1,500)
Income tax expense for continuing operations	836	(9)
	836	(9)

(b) Reconciliation of income tax to accounting profit:

Profit	(1,276,297)	(1,246,283)
Tax	30%	30%
	(382,889)	(373,885)

Add:

Tax effect of:		
Expenditure not allowable for income tax purposes	2,679	2,566
Temporary differences not brought to account	17,095	(3,339)
Deferred tax assets not brought to accounts	363,951	374,649
	836	(9)
Income tax expense	836	(9)

Notes to the Financial Statements

For the Year Ended 30 June 2015

6 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The chief operating decision maker has been identified as the Chief Operating Officer and since the Group manages and reports its income, expenses, assets, liabilities and equity on a statutory basis, the reportable segment is considered to be equal to the statutory information presented in this report.

7 Cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash at bank in hand	968,009	1,166,161
	968,009	1,166,161

Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	968,009	1,166,161
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8 Trade and other receivables

CURRENT

Trade receivables	-	84,180
	-	84,180
Prepayments	40,649	81,940
Deposits	55,140	492
Related party receivables	67,536	-
Other receivables and accruals	216,791	15,093
Loans to funds	95,009	13,200
Total current trade and other receivables	475,125	194,905

Notes to the Financial Statements

For the Year Ended 30 June 2015

9 Other financial assets

		Consolidated	
		2015	2014
		\$	\$
CURRENT			
Financial assets at fair value through profit or loss	(a)	5,413	56,912
NON-CURRENT			
Available for sale financial assets	(b)	116,712	76,270
(a) Financial assets at fair value through profit or loss			
held-for-trading Australian listed shares		5,413	56,912
(b) Available-for-sale financial assets comprise:			
NON-CURRENT			
Listed investments			
- shares in listed entities - fair value		102,962	60,020
- shares in other related parties - fair value		13,750	16,250
		116,712	76,270
Total available-for-sale financial assets		116,712	76,270

10 Property, plant and equipment

PLANT AND EQUIPMENT			
Plant and equipment			
At cost		48,137	18,085
Accumulated depreciation		(8,252)	(1,185)
Total plant and equipment		39,885	16,900
Furniture, fixtures and fittings			
At cost		14,391	10,102
Accumulated depreciation		(2,961)	(1,114)
Total furniture, fixtures and fittings		11,430	8,988
Leasehold Improvements			
At cost		76,408	72,758
Accumulated amortisation		(10,263)	(2,734)
Total leasehold improvements		66,145	70,024
Total property, plant and equipment		117,460	95,912

Notes to the Financial Statements

For the Year Ended 30 June 2015

10 Property, plant and equipment continued

(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 year:

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Improvement s \$	Total \$
Consolidated				
Year ended 30 June 2015				
Balance at the beginning of year	16,900	8,988	70,024	95,912
Additions	30,161	4,299	5,380	39,840
Disposals - written down value/ transfers	526	(135)	(1,730)	(1,339)
Depreciation expense	(7,702)	(1,722)	(7,529)	(16,953)
Balance at the end of the year	39,885	11,430	66,145	117,460
	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Improvement s \$	Total \$
Consolidated				
Year ended 30 June 2014				
Balance at the beginning of year	7,189	14,024	74,140	95,353
Additions	17,034	6,743	3,235	27,012
Disposals - written down value/ transfers	(5,600)	(8,990)	636	(13,954)
Depreciation expense	(1,723)	(2,789)	(7,987)	(12,499)
Balance at the end of the year	16,900	8,988	70,024	95,912

11 Intangible Assets

	Consolidated	
	2015	2014
	\$	\$
Other intangible assets		
Cost	25,266	18,509
Total Intangibles	25,266	18,509

Notes to the Financial Statements

For the Year Ended 30 June 2015

11 Intangible Assets continued

(a) Movements in carrying amounts of intangible assets

Consolidated	Other intangible assets \$	Total \$
Year ended 30 June 2015		
Balance at the beginning of the year	18,509	18,509
Additions	6,757	6,757
Closing value at 30 June 2015	25,266	25,266

12 Trade and other payables

	Consolidated 2015 \$	2014 \$
CURRENT		
Unsecured liabilities		
Trade payables	10,278	75,096
Employee benefits	24,426	39,684
Sundry payables and accrued expenses	83,135	28,204
Other payables	117,383	25,970
	235,222	168,954
	235,222	168,954

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

13 Issued Capital

(2014: 100,760,000) Ordinary shares	4,154,000	4,154,000
(2014: Nil) Convertible notes	1,431,000	-
Share and note issue costs written off against share premium	(661,064)	(538,573)
Total	4,923,936	3,615,427

(a) Ordinary shares

At the beginning of the reporting period	100,760,000	80,000,000
Shares issued during the year	-	20,760,000
At the end of the reporting period	100,760,000	100,760,000

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

Notes to the Financial Statements

For the Year Ended 30 June 2015

14 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	Consolidated	
	2015	2014
	\$	\$
Profit from continuing operations	(1,276,297)	(1,246,283)

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	(1,276,297)	(1,243,283)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	100,760,000	90,380,000
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Weighted average number of dilutive options outstanding	24,517,000	12,258,500
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Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS

125,277,000	102,638,500
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15 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	152,505	-
- between one year and five years	268,571	-
	421,076	-

Operating leases have been taken out for 34 months. Lease payments are increased on an annual basis to reflect market rentals.

Notes to the Financial Statements

For the Year Ended 30 June 2015

16 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Market risk - currency risk, interest rate risk and price risk
- Credit risk
- Liquidity risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

Objectives, policies and processes

Risk management is carried out by the Group's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

Notes to the Financial Statements

For the Year Ended 30 June 2015

16 Financial Risk Management continued

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

Consolidated	Not later than 1 month	
	2015	2014
	\$	\$
Trade payables	235,222	168,954

Market risk

(i) Foreign currency sensitivity

Most of the Group transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars.

To mitigate the Group's exposure to foreign currency risk, non-Australian Dollar cash flows are monitored in accordance with the Group's risk management policies

The implications of this is that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Credit risk

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

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements

For the Year Ended 30 June 2015

17 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2015	2014
	\$	\$
Short-term employee benefits	727,351	539,777
Post-employment benefits	70,325	50,162
Termination benefits	13,845	-
	811,521	589,939

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21: Related Party Transactions.

18 Remuneration of Auditors

	Consolidated	
	2015	2014
	\$	\$
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	19,816	7,140

19 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2015	Percentage Owned (%) [*] 2014
Subsidiaries:			
iQX Investment Services Pty Limited	Australia	100	100
The iQ Group Global Pty Ltd	Australia	100	-
iQ Capital Partners (No.1) Pty Ltd	Australia	100	-
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	100	-
iQ Series 8 GP	Cayman Islands	100	-

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

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2015 (30 June 2014:None).

Notes to the Financial Statements

For the Year Ended 30 June 2015

21 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.

For details of remuneration disclosures relating to key management personnel, refer to Note 17: Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(ii) Subsidiaries:

The consolidated financial statements include the financial statements of iQX Limited and its subsidiaries. For details of subsidiaries, see note 19.

(iii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(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 fee income	Shared services revenue	Consulting fees paid	Company secretarial fees	Capital raising costs	Owed by the company
Associates	(923,975)	(519,298)	617,148	18,360	118,982	67,536
Subsidiaries	-	(40,000)	-	-	-	16,128

Notes to the Financial Statements

For the Year Ended 30 June 2015

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Consolidated	
	2015	2014
	\$	\$
Profit for the year	(1,276,297)	(1,246,196)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	16,953	12,499
- net gain on disposal of property, plant and equipment	(29)	-
- unrealised (gains)/losses on investments	(34,431)	21,003
- share options expensed	-	167,530
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(280,220)	(214,076)
- (increase)/decrease in other financial assets	45,488	-
- (increase)/decrease in deferred tax receivable	180	(1,500)
- increase/(decrease) in trade and other payables	66,268	122,347
- increase/(decrease) in income taxes payable	656	1,491
Cashflow from operations	<u>(1,461,432)</u>	<u>(1,136,902)</u>

23 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial 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.

24 Company Details

The registered office of the company is:

iQX 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 for the year ended 30 June 2015 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 

Director 

Dated this 10th day of September, 2015

iQX Limited

ACN 155 518 380

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 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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*, which has been given to the directors of iQX Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

iQX Limited

ACN 155 518 380

Independent Audit Report to the members of iQX Limited*Opinion*

In our opinion:

- (a) The financial report of iQX Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial positions as at 30 June 2015 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iQX Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Fortunity AssuranceA handwritten signature in dark ink, appearing to read 'TR Davidson', is written over a light blue circular stamp or watermark.

TR Davidson
Partner

155 The Entrance Road Erina NSW 2250

Dated this 10th day of September, 2015

Additional Information for Listed Public Companies

30 June 2015

NSX ADDITIONAL INFORMATION

Additional information required by the NSX Listing Rules clause 6.9 and not disclosed elsewhere in this report is set out below. This information is effective as at 30 June 2015.

1. Composition of the Group

	Principal place of business / Country of Incorporation	Main Business	Percentage Owned (%)* 2015	Percentage Owned (%)* 2014
Subsidiaries:				
iQX Investment Services Pty Limited	Australia	Australian Financial Services licensee	100	100
The iQ Group Global Pty Ltd	Australia	Non - trading Investment management	100	-
iQ Capital Partners (No.1) Pty Ltd	Australia	Investment management	100	-
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	Investment management	100	-
iQ Series 8 GP	Cayman Islands	Investment management	100	-

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

2. Forecasts

There have been no forecasts made during the period.

3. Significant contracts with Directors, child entities or controlling shareholders

Refer to Note 21 for details of material related party transactions.

4. Waivers

- (a) There are no arrangements where the directors have waived or agreed to waive any emoluments.
- (b) There are no arrangements where a shareholder has waived or agrees to waive any dividends.

5. Historical Summary Table

Item	2012	2013	2014	2015
Profit / (Loss)	(\$114,639)	(\$982,311)	(\$1,246,196)	(\$1,276,297)
Assets	\$1,271,696	\$462,376	\$1,610,169	\$1,709,305
Liabilities	\$1,384,335	\$1,606,520	\$170,358	\$237,369

6. Explanatory statement relating group activities

Refer to Chairman's Report for details of the *Group's* activities. Refer to "Significant Changes in State of Affairs" in the Directors' Report for significant changes in affairs of the *Group* which may influence the trend of activities and income (or loss)

Additional Information for Listed Public Companies

30 June 2015

of the Group.

7. Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholders	Number of shares
Abiogenises Pty Ltd	15,600,000
Ruminate Investments Pty Ltd	15,228,572
Adaptive Radiation Pty Ltd	8,888,888
Agparaskevi Pty Ltd	8,000,000
Life Science Investments Pty Ltd	6,000,000

8. Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

9. Distribution of equity security holders

Holding	Ordinary shares	
	Shares	Options
1,001 - 5,000	3,000	-
5,001 - 10,000	100,000	-
10,001 - 100,000	5,185,000	-
100,000 and over	95,472,000	23,400,000

10. Ten largest shareholders

	Ordinary shares	
	Number held	% of issued shares
Abiogenises Pty Ltd	15,600,000	15
Ruminate Investments Pty Ltd	15,228,572	15
Adaptive Radiation Pty Ltd	8,888,888	9
Agparaskevi Pty Ltd	8,000,000	8
Life Science Investments Pty Ltd	6,000,000	6
Zero Hedge Investments Pty Ltd	5,550,000	6
Biotechnology Holdings Pty Ltd	4,261,112	4
Babi Holdings Pty Ltd	4,000,000	4
TTS Two Investments Pty Ltd	2,900,000	3
Mobery Pty Ltd	1,600,000	2

Additional Information for Listed Public Companies

30 June 2015

11. Ten largest option holders

	Options	
	Number held	% of issued options
Oasis Bulls Pty Ltd	4,125,000	18
Rassan Enterprises Pty Ltd	1,500,000	6
Gyema Business Centre Pty Ltd	1,500,000	6
Franze Holdings Pty Ltd	1,500,000	6
Peter Kousoulis	1,500,000	6
Madd Bray Investments Pty Ltd	1,350,000	6
Mark Small	1,200,000	5
Mr Charles Sultana	975,000	4
J B S Fashion & Beauty	750,000	3
GKJB Group Pty Ltd	750,000	3

12. Securities exchange

The Company is listed on the National Securities Exchange of Australia.

