iQX Limited and Consolidated Entities

ACN 155 518 380

Financial Statements

For the Half Year Ended 31 December 2016

FORM: Half yearly/preliminary financial report

Name of issuer:

iQX Limited

ACN: 155 518 380

For the period 1 July 2016 to 31 December 2016

For announcement to the market

Extracts from this statement for announcement to the market.

Consolidated results

	31 December 2016 $'000	31 December 2015 $'000	Movement Up/down	Movement %
Revenue	1,264	582	Up	117%
Loss from ordinary activities after tax attributable to members	(1,341)	(1,036)	Up	29%
Loss for the period attributable to members	(1,341)	(1,036)	Up	29%

For commentary on the results and outlook, refer to attached 31 December Half-Year Financial Report.

Dividends

No dividends have been paid or declared during the reporting or previous corresponding period, nor do the directors recommend the declaration of a dividend.

Dividends (distributions)	Franked amount per security	Amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

OTHER

Net tangible assets
Net tangible assets per security with the comparative figure for the previous corresponding period:

Current period: (1.18) cents

Previous corresponding period: (0.13) cents

Control gained over entities having material effect
iQX Limited has neither gained control nor lost control over an entity during the period which has had a material effect.

Accounts
The accounts are not subject to a dispute or qualification by the auditor.

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The directors present their report on iQX Limited and Consolidated Entities for the half year ended 31 December 2016.

1. General Information

Directors

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

Names	Position	Appointed/Resigned
Kosmas Dimitriou	Independent non-executive Director	Since November 2012
George Syrmalis	Executive	Since November 2014
Peter Simpson	Independent non-executive Director	Since August 2013
John Stratilas	Independent non-executive Director	Since February 2012

Company secretary

Mr Gerardo Incollingo is iQX Limited's Company Secretary.

Principal activities and significant changes in nature of activities

The principal activity of iQX Limited and Consolidated Entities during the half year were:

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

There were no significant changes in the nature of the Company's activities during the half year.

2. Operating results and review of operations for the year

Operating results

The iQX team has successfully continued to implement the group's strategy with highlights of 1H FY17 including:

- The launch of the iQ Series 8 Life Science Fund (Global). As previously announced, this milestone demonstrates the Group's capability to develop niche investment funds comprising a select portfolio of unlisted Life Science entities.
- The continual development of a pipeline of investments, on a global scale in order to continue the journey of eradicating disease through capital investment, including a novel biosensor and a cancer related compound; and
- The proprietary series of local and global biotech index (iQdex) went live during the half.

Revenue increased 117% in the half year to $1,264K. The key driver of this revenue growth was the AFSL related fees of iQX Investment Services, a wholly owned subsidiary of iQX Limited.

Operating loss before tax was $1,341K for the half compared to $1,036K for the prior corresponding period. This reflects the continued development of our infrastructure to meet our strategic objectives.

Our investment in financial and IP related assets is evidenced by the growth of our intangibles portfolio representing development costs in our underlying investments being the novel glucose biosensor and our first in class biologic compound being developed for multiple oncology indications.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the half year.

Indemnification and insurance of officers and auditors

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Events after the reporting date

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2016 has been received and can be found on page 6 of the financial report.

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

Chairman: KoS ....

Kosmas Dimitriou

Dated this 15th day of March 2017

FORTUNITY
CHARTERED ACCOUNTANTS • FINANCIAL PLANNERS

iQX Limited and Consolidated Entities
ACN: 155 518 380

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016, there have been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

Fortunity Assurance

FORTUNITY ASSURANCE

155 The Entrance Road, Erina, NSW

Dated: 16 March, 2017

iQX Limited and Consolidated Entities

A.C.N. 155 518 380

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2016

		Consolidated Group	
		2016	**2015**
	Note	**$**	**$**
Revenue	3	**1,263,737**	581,996
Cost of sales		**(724,841)**	-
Employee benefits expense	4	**(805,501)**	(669,207)
Depreciation and amortisation expense	4	**(18,609)**	(11,211)
Overhead sharing costs		**(199,273)**	(231,949)
IPO and listing fees		**-**	(85,727)
Other expenses		**(620,068)**	(481,532)
Consultancy fees		**(44,501)**	-
Finance costs	4	**(191,891)**	(138,205)
Loss before income tax		**(1,340,947)**	(1,035,835)
Income tax expense		**-**	-
Loss for the period		**(1,340,947)**	(1,035,835)
Other comprehensive income, net of income tax			
Other comprehensive income for the year		**-**	-
Total comprehensive income		**(1,340,947)**	(1,035,835)
Net loss attributable to:			
Members of the parent entity		**(1,340,947)**	(1,035,835)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		**(1.25)**	(1.03)
Diluted earnings per share (cents)		**(1.24)**	(0.98)

iQX Limited and Consolidated Entities

A.C.N. 155 518 380

Consolidated Statement of Financial Position

As at 31 December 2016

		Consolidated Group	
		31 December 2016	**30 June 2016**
	Note	**$**	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**253,459**	471,077
Trade and other receivables	6	**874,119**	1,050,714
Other financial assets	7(a)	**-**	5,413
Capital work in progress		**1,039,060**	595,246
TOTAL CURRENT ASSETS		**2,166,638**	2,122,450
NON-CURRENT ASSETS			
Financial assets	7(b)	**475,719**	35,254
Investments in associates	14(a)	**278,072**	269,000
Investments in joint ventures	14(b)	**9,150**	7,700
Property, plant and equipment	8	**187,830**	203,079
Deferred tax assets		**1,320**	1,320
Intangible assets	9	**171,183**	48,842
TOTAL NON-CURRENT ASSETS		**1,123,274**	565,195
TOTAL ASSETS		**3,289,912**	2,687,645
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**1,409,752**	805,027
Deferred revenue		**563,111**	-
Employee benefits liabilities		**72,665**	51,281
Borrowings	11	**2,456,606**	2,175,549
Provision for income tax		**7,311**	2,147
TOTAL CURRENT LIABILITIES		**4,509,445**	3,034,004
NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**4,509,445**	3,034,004
NET LIABILITIES		**(1,219,533)**	(346,359)
EQUITY			
Issued capital	12	**5,920,860**	5,453,087
Reserves		**167,530**	167,530
Accumulated losses		**(7,307,923)**	(5,966,976)
Total equity attributable to equity holders of the Company		**(1,219,533)**	(346,359)
TOTAL EQUITY		**(1,219,533)**	(346,359)

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2016

2016	Ordinary Shares $	Retained Earnings $	Option $	Total $
Balance at 1 July 2016	**5,453,087**	**(5,966,976)**	**167,530**	**(346,359)**
Total comprehensive income for the year	**-**	**(1,340,947)**	**-**	**(1,340,947)**
Options converted to ordinary shares	**1,795,180**			**1,795,180**
Convertible notes issued	**395,000**	**-**	**-**	**395,000**
Convertible notes classified as liabilities	**(1,722,407)**	**-**	**-**	**(1,722,407)**
Balance at 31 December 2016	**5,920,860**	**(7,307,923)**	**167,530**	**(1,219,533)**

2015	Ordinary Shares $	Retained Earnings $	Option $	Total $
Balance at 1 July 2015	4,923,936	(3,619,530)	167,530	1,471,936
Total comprehensive income for the period	-	(1,035,835)	-	(1,035,835)
Capital raising costs	(10,400)	-	-	(10,400)
Convertible notes issued	1,155,000	-	-	1,155,000
Convertible notes classified as liabilities	(1,685,272)	-	-	(1,685,272)
Balance at 31 December 2015	4,383,264	(4,655,365)	167,530	(104,571)

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

	Note	Consolidated Group 31 December 2016 $	31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**1,535,338**	389,002
Payments to suppliers and employees		**(1,368,952)**	(1,118,046)
Interest received		**824**	3,454
Interest paid		**(1,257)**	(1,273)
Net cash provided by / (used by) operating activities		**165,953**	(726,863)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for capital work in progress		**(1,039,060)**	-
Purchase of property, plant and equipment		**(3,360)**	(64,208)
Purchase of intangible assets		**(122,341)**	-
Proceeds from disposal of financial assets		**160,194**	-
Payment for investment in associates		**(9,072)**	(264,000)
Payment for investments		**(1,450)**	(28,199)
Net cash used by investing activities		**(1,015,089)**	(356,407)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the issue of convertible notes		**558,198**	1,155,000
Payment of borrowings		**-**	(171,805)
Advances from related parties		**73,320**	-
Payment of capital raising costs		**-**	(96,127)
Net cash provided by financing activities		**631,518**	887,068
Net decrease in cash held		**(217,618)**	(196,202)
Cash and Cash equivalents at beginning of year		**471,077**	968,009
Cash and Cash equivalents at end of the half year	5	**253,459**	771,807

Notes to the Financial Statements

For the Half Year Ended 31 December 2016

The half-year financial report covers iQX Limited and its controlled entities ("the Group"). iQX Limited and its controlled entities is a for-profit Company, 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.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

This condensed interim financial report for the reporting period ending 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of iQX Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within iQX Limited. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half year.

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

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. Interim financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards 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.

2. Summary of Significant Accounting Policies

(a) 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 company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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).

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.

2. Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

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

(b) Finance costs

Finance costs include all interest related expenses, other than those arising from financial assets at fair value through profit or loss.

(c) 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.

Where the cost model is used, the assets are 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 assets, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company, commencing when the assets are 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.

(d) Financial Instruments

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

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

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

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

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

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 Company renegotiates repayment terms with customers, which may lead to changes in the timing of the payments, the Company 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.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

The Company 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 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.

Available-for-sale financial assets

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. The Company's available-for-sale financial assets comprise of listed securities.

All 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 the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the 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 Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company'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.

(e) 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.

2. Summary of Significant Accounting Policies (continued)

(f) Employee benefits

Provision is made for the Company'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 one year 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. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

(g) 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.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options, which vest immediately, are recognised as a deduction from equity, net of any tax effects.

(i) Basis for 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 cash flows 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 14 to the financial statements.

2. Summary of Significant Accounting Policies (continued)

(i) Basis for consolidation (continued)

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 entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(j) Business combinations

Business combinations are accounted for by applying the acquisition method, which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the next identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration, which forms part of the combination, is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(k) Convertible notes

Convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible notes, the fair value of the liability component is estimated using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability at amortised cost (net of transactions costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

3. Revenue and Other Income

	31 December 2016 $	31 December 2015 $
Revenue		
- Shared Services Revenue	**577,372**	578,542
- Fee – Financial service activities	**685,541**	-
Finance Income		
- Other interest received	**824**	3,454
Total Revenue	**1,263,737**	581,996

4. Result for the Half Year

The result for the half year includes the following specific expenses:

Finance costs		
- Other interest expense	**191,891**	138,205
Other expenses:		
- Employee benefits expense	**805,501**	669,207
- Depreciation of property, plant and equipment	**16,150**	11,211
- Amortisation of intangibles	**2,459**	-

5. Cash and cash equivalents

	31 December 2016 $	30 June 2016 $
Cash at bank and on hand	**253,459**	471,077

6. Trade and other receivables

CURRENT		
Prepayments	**142,664**	173,207
Deposits	**59,407**	59,407
Related party receivables	**226,295**	760,417
Other receivables and accruals	**445,753**	57,683
Total current trade and other receivables	**874,119**	1,050,714

Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

7. Other financial assets

		31 December 2016 $	30 June 2016 $
CURRENT			
Financial assets at fair value through profit or loss	(a)	-	5,413
NON CURRENT			
Available for sale financial assets	(b)	**475,719**	35,254

(a)	Financial assets at fair value through profit or loss		
	Held-for-trading Australian listed shares	-	5,413
	Total financial assets at fair value through profit or loss	-	5,413
(b)	Available-for-sale financial assets comprise:		
	Listed investments		
	- Shares in listed entities – fair value	**14,649**	20,004
	- Shares in other related parties – fair value	**461,070**	15,250
	Total available-for-sale financial assets	**475,719**	35,254

8. Property, plant and equipment

PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**82,329**	78,258
Accumulated depreciation	**(28,355)**	(20,968)
Total plant and equipment	**53,974**	57,290
Furniture, fixtures and fittings		
At cost	**55,643**	46,247
Accumulated depreciation	**(9,500)**	(6,475)
Total furniture, fixtures and fittings	**46,143**	39,772
Leasehold Improvements		
At cost	**113,325**	125,891
Accumulated amortisation	**(25,612)**	(19,874)
Total leasehold improvements	**87,713**	106,017
Total property, plant and equipment	**187,830**	203,079

8. Property, plant and equipment

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

Movement in the carrying amount 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	Improvements	Total
Half Year ended 31 December 2016	**$**	**$**	**$**	**$**
Balance at the beginning of year	**57,290**	**39,772**	**106,017**	**203,079**
Additions/(disposals)	**4,071**	**9,396**	**(12,566)**	**901**
Depreciation expense	**(7,387)**	**(3,025)**	**(5,738)**	**(16,150)**
Balance at the end of the half year	**53,974**	**46,143**	**87,713**	**187,830**
Year ended 30 June 2016				
Balance at the beginning of year	39,885	11,430	66,145	117,460
Additions	30,121	31,856	49,483	111,460
Depreciation expense	(12,716)	(3,514)	(9,611)	(25,841)
Balance at the end of the year	57,290	39,772	106,017	203,079

9. Intangible Assets

	31 December 2016 $	30 June 2016 $
Other intangible assets		
Cost	**173,642**	48,842
Amortisation	**(2,459)**	-
Total Intangibles	**171,183**	48,842

10. Trade and other payables

CURRENT		
Unsecured liabilities		
Trade payables	**416,180**	234,678
Sundry payables and accrued expenses	**589,412**	239,509
Related party payables	**404,160**	330,840
	1,409,752	805,027

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

11. Borrowings

	31 December 2016 $	30 June 2016 $
CURRENT		
Unsecured liabilities:		
Convertible notes	**2,118,711**	2,028,287
Convertible notes – interest on the debt portion	**393,786**	239,812
Convertible notes – transaction costs between equity and liability	**(55,891)**	(92,550)
Total current borrowings	**2,456,606**	2,175,549

12. Issued Capital

	31 December 2016 $	30 June 2016 $
117,835,900 Ordinary Shares (30 June 2016: 110,210,000)	**5,949,180**	4,154,000
Convertible notes	**717,288**	1,875,213
Share and note issue costs written off against share premium	**(745,608)**	(576,126)
Total	**5,920,860**	5,453,087

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	**110,210,000**	100,760,000
Add: allotment of shares from exercise of loyalty options	**7,625,900**	9,450,000
At the end of the reporting period	**117,835,900**	110,210,000

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.

The Company does not have authorised capital or par value in respect of its shares.

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

13. Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of iQX Limited and Consolidated Entities during the year are as follows:

	31 December 2016 $	31 December 2015 $
Short-term employee benefits	**285,992**	238,301
Post-employment benefits	**26,681**	22,151
	312,673	260,452

14. Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 December 2016	Percentage Owned (%)* 30 June 2016
Subsidiaries:			
IQX Investment Services Pty Ltd	Australia	**100**	100
The iQ Group Global Pty Ltd	Australia	**100**	100
iQ Capital Partners (No.1) Pty Ltd	Australia	**100**	100
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	**100**	100
iQ Series 8 GP	Cayman Islands	**100**	100
Joint venture:			
Iridium Capital Pty Ltd[2]	Australia	**50**	50
Associates:			
New Frontier Holdings LLC[1]	USA	**20**	20

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

[1]The Group has a 20% interest in New Frontier Holdings LLC. At the reporting date, the fair value of the net assets of the investee was $1,393,616.

(a)	**$**
Consideration paid	278,072
Share of net assets acquired	278,072

[2]The Group acquired 50% interest in Iridium Capital Pty Ltd. At the reporting date, the fair value of the net assets of the joint venture was $18,300.

(b)	**$**
Consideration paid	9,150
Share of net assets acquired	9,150

15. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (30 June 2016: None).

16. Related Parties

(a) 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:

	Shared services revenue	Consultancy fees received/(paid)	Office & Overhead sharing costs	Balances outstanding between parent & subsidiaries	Balance owed from/(to) related parties
Parent (iQX Limited)	320,018	(164,462)	263,769	(92,133)	(292,205)
Subsidiaries of iQX Limited	341,849	110,537	20,000	92,133	262,498

17. Segment information

The Group has identified its operating segment based on internal reporting that is reviewed and used by the CEO in assessing the performance of the segment.

The operating segment is identified by management based on the nature of services provided. The services provided by iQX Limited are of an investor in Life Sciences and Biotec starts ups, with the business representing a strategic business that serves a different segment of the market.

All revenue disclosed in the financial statements are from related parties based in Australia.

18. Events Occurring After the Reporting Date

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

19. Company Details

The registered office of and principal place of business of the company is:

iQX Limited and Consolidated Entities

Level 6, 222 Clarence Street

SYDNEY NSW 2000

iQX Limited and Consolidated Entities

A.C.N. 155 518 380

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 4 to 23 in accordance with the *Corporations Act 2001* including:

   a. comply with Accounting Standard *AASB 134: Interim Financial Reporting*; and

   b. give a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date

2. In the director's 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 with the continuing support of creditors.

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

Chairman KCS

Kosmas Dimitriou

Dated this 15th day of March 2017

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CHARTERED ACCOUNTANTS • FINANCIAL PLANNERS

iQX Limited and Consolidated Entities
ACN: 155 518 380

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iQX Limited and Consolidated Entities, which comprises the condensed statement of financial position as at 31 December 2016 the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of iQX Limited and Consolidated Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of iQX Limited and Consolidated Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Conclusion

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

(a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Fortunity Assurance

FORTUNITY ASSURANCE

155 The Entrance Road, Erina, NSW

Dated: 16 March, 2017