IQX LIMITED ACN 155 518 380

2017 Annual Report

ERADICATING
DISEASE
THROUGH
CAPITAL
INVESTMENT

CONTENTS

CORPORATE DIRECTORY

ACN 155 518 380

Directors

Kosmas Dimitriou, *Chair*

Dr George Syrmalis, *Executive Director and Chief Executive Officer*

Peter Buchanan Simpson

John Stratilas

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 3, 222 Clarence Street

Sydney, NSW 2000

Principal place of business

Level 7, 222 Clarence Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Auditor

RSM Australia Partners

Level 13, 60 Castlereagh Street

Sydney NSW 2000

Stock exchange listings

iQX Limited shares are listed on the National Securities Exchange (NSX:IQX).

Website address

www.iqxinvestments.com

CHAIR'S REPORT

On behalf of the board of directors, it is an honour and privilege to provide a review of iQX Limited for the financial year ended 30 June 2017.

The iQX team has successfully continued to translate the Company's strategy, into tangible deliverables including:

- The realisation of good value investment at the early stage;
- The expansion of our infrastructure, in particular the unconditional approval of the Series 8 Life Science Fund thereby enabling further investment into biotechnology opportunities; and
- The creation of significant value from prior investments as per the operational and financial review.

The financial results for the year ended 30 June 2017 are encouraging and reflect the on-going investment and development of iQX Limited's early stage biotechnology assets.

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
Chair

CEO'S REPORT

Investing in biotechnology assets is neither easy nor is it routine, after all it takes over 10 years to put a product in front of the regulator, the odds of approval are stacked against you and all this at a cost that exceeds $1.7 billion. Only at this stage a biotech company may generate its first invoice from sales and create revenue.

At iQX Investments we understand this, hence take a thematic approach to our investments. It is our view that one needs to embrace the theme and manage investment expectations accordingly: this approach puts the wind at your back for years if not decades. Identifying those themes, e.g. aging population, the human genome, diabetes, cancer, is one thing, but drilling down to the best ways to access them requires patience, commercial acumen, scientific knowledge and diligence.

To be able to draw a distinction between investable themes and those that sound good but deliver little to investors is a result of significant knowledge and experience in the life science arena. It is absolutely imperative that there is a clear competitive advantage in the proposed investment. The benefits need to accrue to the companies, and by extension to the shareholders, as opposed to just the customers. A typical example of this benefit accrual is patent protection and market exclusivity. When competing for market share, medical devices, bio-similars or novel, same class pharmaceuticals, e.g. Anti TNF's, enter the same therapeutic area, they become progressively cheaper and profits get competed away.

In our view, the advent of genomic and molecular medicine is the biggest investment theme of this lifetime. The industry is innovative and fast paced, essentially a competition to commercialise intellectual property. Once, it cost billions and took more than a decade to sequence a genome, but today it can be done in a matter of hours for less than a thousand dollars.

The sum of human experience and research continues to build upon itself intensified by increasing globalisation and information sharing. When one combines this with the advances in quantum computing, machine learning, artificial intelligence and other technologies enabling safer and faster drug design and testing, the result is an exponential acceleration of innovations and efficiencies that underpin the current biotech boom.

With seven billion humans on the planet, the life sciences industry is assured to sustain growth of demand, hence it creates reasons to be an overweight sector for thematic investors.

The obvious way to enter these themes is through the companies that are developing these pharmaceuticals, medical devices, diagnostics or the companies that are developing the platforms and tools e.g. DNA sequencing, used by the drug discovery industry.

These ventures range from established profit-making companies to earlier-stage more speculative entities. Hence one needs to have the ability to understand the relationship between price and value. Quite often in biotechnology expectations race so far ahead of reality and the stocks' valuations grow so extreme, so that any misstep is met with swift and brutal punishment from the markets, resulting in significant loss of market cap.

The promise of breakthroughs in the current standard of care are what investors hope to translate in outsized returns. Potentially revolutionary gene and cancer therapies are attracting vast amounts of capital, but in their enthusiasm investors may be ignoring and mispricing the amount of time and capital it will take for these new promising technologies and ventures to deliver an economic return. In dealing with cancer and immunity you deal with two incredibly complex and evolving systems that are unique to each individual case. When you combine the two you reach a staggering level of complexity.

In this particular case, it is likely that investors, while dreaming about the injection that will kill cancer, currently misprice the amount of time and capital that will be required to solve this incredibly complex puzzle and turn the technology into profitable enterprises.

Risky development stage biotechnology ventures with no revenues have now gone from the private VC market, where they used to be valued for tens of millions or from public market valuations of a few hundred million in some cases, to now being pushed onto the public markets with multibillion dollar valuations on the back of mainly USA analyst's narratives. A very large number of ventures trading in the public markets would have qualified as VC only investments just a couple of years ago. Today a lot of investors are engaging in VC type biotechnology investments in the public markets. If you combine the venture capital risk (historically high rate of failure) with the early stage biotechnology risk (historically high rate of failure), you not only get an investment with a very high-risk profile but at a price that no venture capitalist would ever pay.

At iQX Investments we believe that access to the biotech boom is considerably more efficient through companies that make platforms and tools: after all, in any gold rush you want to be investing in the companies that make the picks and shovels. We believe that our investment strategy will yield sustainably high returns if it invests in ventures that reform the current health care system.

Currently healthcare has been focused on helping extend the quality of life for a long time but the system we have right now is neither sustainable nor good enough. Healthcare innovation is solving the healthcare equation only for the future of aging, which means if we're successful, we will create more old people that need more health care. This represents a feed-forward model of healthcare consumption that is fatally flawed and eventually will destroy every economy linked to healthcare and ultimately everybody ages out and dies. So as good as this system is, perhaps we need a radically new system right now.

Pharmacologic innovations should extrapolate from the molecule to the patient, e.g. if an exponential innovation is evident only in the molecular synthesis of the compound and doesn't translate to an equally exponential patient outcome, then we don't see it as a potential investment.

As investors, we focus on early stage developments, acquiring at a reasonable price, validating the scientific merit of the innovation, the viability of the proposed development plan, the IP position and the IP portfolio structure. We constantly monitor the execution of the research and development program, ensuring that pre-defined milestones are being met. Furthermore, our dedicated Global Scientific Advisory Board, together with a partner specialized Clinical R&D provider, oversees the entire R&D process of the investee entities. Therefore, as an active investor throughout the entire R&D cycle, we have the unique capability to identify and map scientific milestones which we translate into value creation events, triggering divestment opportunities.

We acknowledge that it takes great people to create and sustain great companies. We seek proof that the leaders of the investee companies have the will, capability and capacity to realize the proposed research and development. We additionally ascertain they can efficiently apply corporate governance and best management principles to the everyday operations of the investee company.

In terms of financials, we select investments based on the fundamental analysis of factors such as each issuer's financial and industry position, as well as market and economic conditions.

Dr George Syrmalis
Group CEO

OPERATING AND FINANCIAL REVIEW

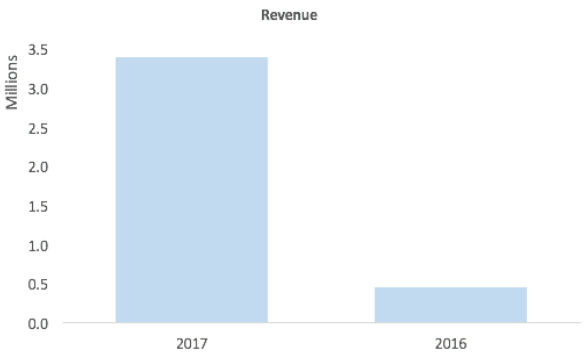
The Operating and Financial Review ("OFR") is provided to assist shareholders' understanding of the performance of iQX Limited ("iQX" or the "Company") and its controlled entities (collectively referred to as the "Group") and the factors underlying the Group's results and financial positon for the period 1 July 2016 to 30 June 2017.

SUMMARY OF FINANCIAL RESULT

- Revenue increased 642% to $3.4 million
- Profit after tax increased 706% to $14.2 million
- Fair value of financial assets increased by $19.0 million
- Cash used in operations decreased by $1.4m

$A millions	FY17	FY16	Change
Revenue	3.4	0.5	2.9
Profit before tax	17.5	(2.3)	19.8
FV of financial assets	19.0	0.0	19.0
Cash used in operations	(0.9)	(2.3)	1.4

Revenue increased by 642% to $3.4 million in the past year as a result of an increase in capital management advisory services provided, and asset related revenue.



OPERATING HIGHLIGHTS

- Series 8 Life Science Fund (Global) ESVCLP LP (Series 8), managed by subsidiary iQX Investment Services Pty Ltd, was granted unconditional registration from the Department of Industry, Innovation and Science as an early stage venture capital limited partnership. The iQ Series 8 Fund is currently capped at A$100 million;
- Capital Labs, a venture of iQX Investment Services Pty Ltd is in late completion phase and subsequent launch is contemplated around October 2017, pending regulatory framework. Capital Labs is a crowdfunding platform, linking start-up Australian biotechnology companies with retail investors in accordance with the Corporations Amendment (Crowd Sourced Funding) Act and ASIC Consultation Paper 289;
- A current SPV holding of iQX Limited is approaching commercialisation stage and preparing for launch rollout in China and Hong Kong Region whilst in preparation for a proposed Initial Public Offering on NASDAQ.

ABOUT IQX

Part of The iQ Group Global, iQX Limited is an NSX listed investment and funds management company specialising in the life science sector. Our team of experts include investment managers, physicians and scientists who are committed to eradicating disease through capital investment.
iqxinvestments.com

ABOUT THE IQ GROUP GLOBAL

The iQ Group Global provides a turnkey solution for life sciences companies, spanning corporate advisory and investment banking, through to research, development, commercialisation and sales. The iQ Group Global facilities an end to end solution along the drug lifecycle creating the medicines of tomorrow.
theiqgroupglobal.com

DIRECTOR'S REPORT

The Directors present their report together with the consolidated financial statements of iQX Limited ("iQX" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at and for the year ended 30 June 2017.

DIRECTORS

The names of Directors who held office of the Company at any time during the financial year and at the date of this report, together with information on their qualifications, experience, special responsibilities, other listed company directorships and other details, are as follows.

Dr George Syrmalis

Executive Director and Group Chief Executive Officer
Appointed: 24 November 2014

Trained in Nuclear Medicine-Radiation Immunology.

Dr Syrmalis founded and led as CEO and Chair 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.

Dr Syrmalis is currently a Non-executive Director of FarmaForce Limited, a company listed on the Australian Stock Exchange; and Executive Director of iQnovate Ltd, a company listed on the National Stock Exchange of Australia.

Kosmas Dimitriou

Non-Executive Director and Chair
Appointed: 20 November 2012

Bachelor Commerce Laws (University of Western Sydney), Diploma of Legal practice (Tax) (University of Sydney)

Kosmas is a Senior Tax Manager to various NAB Wealth business units within the NAB group. Over the last 7 years Kosmas has provided corporate and tax advisory services to NAB Wealth on both domestic and international acquisitions, divestments, restructures, and investment product tax structuring issues. Kosmas is also a member of the Financial Services Council Tax Expert Group which lobbies the government for tax law reform. During the 6 years prior to joining NAB, Kosmas was a tax lawyer at PricewaterhouseCoopers (PwC) in the PwC Sydney legal and tax division. Kosmas also has experience as a client tax manager specialising in the financial services industry and advised clients such as Colonial, Bank of America, DB RREEF and Lumley.

Mr Dimitriou is experienced in structuring corporate acquisitions and managing highly specialised and innovative fund products.

Mr Dimitriou is currently a Non-Executive Director of iQ3Corp Ltd, a company listed on the Australian Stock Exchange.

Mr Dimitriou serves as a member of the Remuneration and Nomination Committee, and the Audit and Risk Management Committee, for iQX Limited.

Peter Simpson

Non-Executive Director
Appointed: 14 August 2013

Masters of Pharmacy

Mr Simpson has extensive experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both the Australian and international markets. For eight years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of over 80 products in the Australian, UK and US markets.

Mr Simpson is currently a Non-Executive Director of iQnovate Ltd, a company listed on the National Stock Exchange of Australia.

John Stratilas

Independent Non-Executive Director
Appointed: 6 February 2012

Mr Stratilas brings to the Board over 20 years of experience in operating a number of businesses in the food industry and commercial property development and management markets.

Mr Stratilas serves as a member of the Remuneration and Nomination Committee, and the Audit and Risk Management Committee, for iQX Limited.

COMPANY SECRETARY

Gerardo Incollingo

Gerardo was appointed Company Secretary on 22 August 2016. Gerardo is Managing Director of LCI Partner's, a firm of accountants.

Kelvin Boateng

Kelvin Boateng was iQX Limited's Company Secretary and Head, Legal & Commercial Affairs until his resignation on 12 August 2016.

PRINCIPAL ACTIVITIES

During the year the principal activity for the Group consisted of general investing activities and exploring investment opportunities in the Life Science industry.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the operating and financial review ("OFR") on page 6 of this Annual Report.

Information in the OFR is provided to enable shareholders to make an informed assessment about the Group's strategies and prospects for future financial years. Details that could give rise to likely material detriment to the Group (for example, information that is commercially sensitive, is confidential or could give a third party commercial advantage) has not been included.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect the Group's operations or results of those operations or the Group's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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 REGULATION

The Directors recognise the importance of environmental and workplace health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees.

The operations of the Group are not subject to any particular and significant environmental regulation under the laws of the Commonwealth of Australia or any of its states or territories.

Based on results of enquiries made, the Board is not aware of any significant breaches of environmental regulations during the period covered by this report.

REMUNERATION REPORT

The Remuneration Report is set out on pages 11 to 16 and forms part of the Directors' Report for the year ended 30 June 2017.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2017, 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.

NON-AUDIT SERVICES

Details of the amounts paid to the auditor of the Company, RSM Australia and its network firms for audit and non-audit services provided during the year ended 30 June 2017 are disclosed in note 26 of the consolidated financial statements.

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the year ended 30 June 2017.

MEETINGS OF DIRECTORS

The number of Directors' meetings held (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Full meetings of directors		Meetings of committees			
			Audit & Risk Management		Remuneration & Nomination	
	A	B	A	B	A	B
Dr George Syrmalis	11	11	-	-	-	-
Kosmas Dimitriou	11	11	1	1	1	1
Peter Simpson	11	9	-	-	-	-
John Stratilas	11	11	1	1	1	1

A – Eligible to attend **B** - Attended

DIRECTORS INTERESTS

The relevant interests of each Director in the equity of the Company at the date of this report are set out in the following table.

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of additional Ordinary Shares subject to escrow
Dr George Syrmalis	15,811,112	-	-
Kosmas Dimitriou	-	-	-
Peter Simpson	-	-	-
John Stratilas	1,600,000	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Company and those named and referred to above including the directors, company secretaries, officers and certain employees of the Company and related bodies corporate as defined in the insurance policy. The insurance is appropriate pursuant to section 199B of the Corporates Act 2001.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

ROUNDING OF AMOUNTS

The amounts in the consolidated financial statements have been rounded off to the nearest dollar in accordance with ASIC Corporation Instrument 2016/191.

The Directors' Report is signed in accordance with a resolution of the Directors.

Kosmas Dimitriou
Chair

Sydney
19 October 2017

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the remuneration arrangements for Non-Executive Directors, Executive Directors and other Key Management Personnel ("KMP") of the Company for the financial year ended 30 June 2017. The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The report is presented under the following sections:

1. Key management personnel (KMP) covered in this report
2. Remuneration governance
3. Executive KMP remuneration arrangements
    A. Remuneration principles and strategy
    B. Detail of incentive plans
4. Executive KMP remuneration outcomes (including link to performance)
5. Executive KMP contractual arrangements
6. Non-executive director arrangements
7. Additional disclosures relating to options and shares

1. KEY MANAGEMENT PERSONNEL

The table below outlines the KMP at any time during the financial year, and unless otherwise indicated, they were KMP for the entire year.

Name	Position	Term as KMP
Non-Executive Directors		
Kosmas Dimitriou	Chair	Entire year
John Stratilas	Non-Executive Director	Entire year
Peter Simpson	Non-Executive Director	Entire year
Executive Directors		
Dr George Syrmalis	Executive Director and Group CEO	Entire year
Other Exeucutive KMP		
Spiro Sakiris	Group Chief Financial and Operating Officer	Entire year

2. REMUNERATION GOVERNANCE

The Board has established a remuneration and nomination committee ("RNC") which is currently comprised of the following members:

Committee member	Position	Independent
Kosmas Dimitriou	Member	No
John Stratilas	Member	Yes

The key responsibility of the RNC is to assist the Board in its oversight of:

- the remuneration framework and policy for Executive and employee reward;
- the determination of appropriate Executive reward, including advice on structure, quantum and mix;
- the determination of achievement of performance measures included in any variable remuneration plan;
- compliance with applicable legal and regulatory requirements; and
- board size, composition and succession planning.

A full charter outlining the RNC's responsibilities is available at: www.iqxinvestments.com/

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

3A Remuneration principles and strategy

In FY17 the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Company and aligned with market practice. Remuneration levels are considered annually through a remuneration review which considers market data and the performance of the Company and individual.

3B Detail of incentive plans

Short-term incentive (STI)

The Company operates an annual STI program available to executives and awards a cash incentive subject to the attainment of clearly defined key performance measures.

A summary of the Executive STI plan in effect during FY17 is provided below:

Who participates?	Dr George Syrmalis and Spiro Sakiris
How is STI delivered?	Cash
What is the STI opportunity?	Up to 25% of base salary
What are the performance conditions for FY17?	Individual performance goals against annual plans.
How is performance assessed?	On an annual basis, after consideration of performance against key performance indicators (KPI).

Employee benefit plan (EBP)

The following table explains the key features of the Employee Benefit Plan. Dr George Syrmalis and Spiro Sakiris are eligible to receive 153,000 and 90,000 performance rights respectively per annum under the EBP.

Who participates?	All employees of the Group.
How are Long Term Incentives delivered?	Entitlement to shares and performance rights.
What are the performance conditions for the FY17 grant?	Individual performance goals against annual plans.
How is performance assessed?	At the end of the relevant performance period, the Company will determine whether and to what extent the participant has satisfied the applicable performance criteria.
When does the award vest?	Awards vest after a total of three years' continual service following achievement of the applicable performance criteria.
How are grants treated on termination?	The participant must be a current employee at vesting date in order to be entitled to shares.
How are grants treated if a change of control occurs?	If a takeover bid or other offer is made to acquire some or all of the issued shares of the Company, participants will generally be entitled to request that all performance rights vest immediately, regardless of whether the relevant performance conditions have been satisfied.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR 2017

Group performance and its link to STI

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 KPI's 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 Company and respective industry standards.

The table below provides a summary of the Company's performance in FY17. The information below is taken into account by the Board when setting and determining short-term and long-term remuneration for KMP.

No STI or LTI payments were made in, or provided for during, the period to 30 June 2017 or 30 June 2016.

Share performance				**Earnings performance A$ million**	
Period	Closing share price at 30 June	Dividend per share	EPS (cents)	Revenue	Profit/(loss) after tax
FY2017	$0.40	NIL	12.22	$3.4	$14.2
FY2016	$0.43	NIL	(2.26)	$0.5	($2.3)
FY2015	$0.65	NIL	(1.27)	$0.8	($1.3)
FY2014	$0.65	NIL	(1.38)	-	($1.2)
FY2013	NA	NIL	(1.23)	-	($1.0)

Executive KMP remuneration disclosure for the year ended 30 June 2017

The following table of executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2016 to 30 June 2017.

KMP		**Short Term**				**Post employ-ment**	**Share based payments**		**Total**	
Name	**Year**	**Base salary**	**Cash bonus**	**Non-cash benefit**	**Other**	**Super-annuation**	**Options**	**Shares**	**Total**	**Perfor-mance related %**
Dr George Syrmalis	2017	300,180	-	-	-	26,719	-	-	326,899	0%
	2016	275,272	-	-	-	24,047	-	-	299,319	0%
Spiro Sakiris	2017	160,096	-	6,240	24,998	16,623	-	-	207,957	0%
	2016	161,462	-	-	-	14,926	-	-	176,388	0%
Total Executive KMP	**2017**	**460,276**	**-**	**6,240**	**24,998**	**43,342**	**-**	**-**	**534,856**	**0%**
	2016	**436,734**	**-**	**-**	**-**	**38,973**	**-**	**-**	**475,707**	**0%**

5. EXECUTIVE KMP CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for executive KMP are formalised in employment agreements. The key terms and conditions of executive employment agreements for the year ended 30 June 2017 are outlined in the table below.

Executive	Position	Effective date	Fixed annual remuneration[1]	Term	Notice period[2]	Termination payment
Dr George Syrmalis	Group Chief Executive Officer	1 January 2016	$307,970	Ongoing	6 months	Superannuation will be paid irrespective of the termination benefits cap under the Corporations Act.
Spiro Sakiris	Group Chief Financial and Operating Officer	1 January 2016	$164,250	Ongoing	6 months	Superannuation will be paid irrespective of the termination benefits cap under the Corporations Act.

[1] Fixed Annual Remuneration includes base salary plus superannuation contributions in accordance with Superannuation Guarantee legislation.

[2] The Company may terminate employment immediately and without notice in certain circumstances, including where the executive has committed a serious or persistent breach of their employment agreement or where the executive has been dishonest or fraudulent in the course of performing their duties.

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Determination of fees and maximum aggregate NED fee pool

The Constitution of the Company provides that non-executive directors, other than a Managing Director or an Executive Director, are entitled to director's fees as determined by the Directors, but not exceeding in aggregate for any financial year, the maximum sum that is from time to time approved by the Company in General Meeting. At the date of this report this maximum sum is $300,000 (inclusive of superannuation).

Fee policy

NED fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by NEDs who serve on board committees. Directors who also chair the Audit and Risk Management Committee shall be entitled to an additional fee of $5,000 (including superannuation) per annum. The chair of the board attends all committee meetings but does not receive any additional committee fees in addition to base fees.

NEDs may be reimbursed for expenses reasonably incurred in attending to the Company's affairs. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

Statutory remuneration table for FY17

The table below sets out the elements of NED fees and other benefits provided during 2017.

Fees applicable for 2017	Chair	Member
Board	$35,000	$35,000
Audit and Risk Management Committee	$5,000	Nil
Remuneration and Nomination Committee	Nil	Nil
Superannuation	Included in above amounts.	
Other	Reimbursement of travel and other expenses necessarily incurred in exercising their duties.	

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS (CONTINUED)

Non-executive remuneration disclosure for the year ended 30 June 2017

The following table of non-executive remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2016 to 30 June 2017. All amounts are in AUD.

NED	Year	Board fees	Other fees	Non-cash benefit	Super-annuation	Total	Performance Related %
Kosmas Dimitriou	2017	32,109	-	-	3,050	35,159	0%
	2016	32,109	-	-	3,050	35,159	0%
Peter Simpson	2017	32,109	4,566	-	3,484	40,159	0%
	2016	32,109	-	-	3,050	35,159	0%
John Stratilas	2017	32,109	-	-	3,050	35,159	0%
	2016	32,109	-	-	3,050	35,159	0%
Total NED	**2017**	**96,327**	**4,566**	**-**	**9,584**	**110,477**	**0%**
	2016	**96,327**	**-**	**-**	**9,150**	**105,477**	**0%**

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

Movements in Equity Holdings of KMP

The following table sets out the movement during the reporting period in the number of ordinary shares in iQX Limited held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2016	Granted as remuneration	Options excercised	Net change other	Forfeited	Held at 30 June 2017
Non-executive Directors						
Kosmas Dimitriou	-	-	-	-	-	-
Peter Simpson	-	-	-	-	-	-
John Stratilas	1,600,000	-	-	-	-	1,600,000
Executive Directors						
Dr George Syrmalis	15,811,112	-	-	-	-	15,811,112
Other Executive KMP						
Spiro Sakiris	266,730	-	1,556,900	539,000^	-	2,362,630
Total KMP	**17,677,842**	**-**	**1,556,900**	**539,000**	**-**	**19,773,742**

^ Off-market purchase, and fully paid in cash.

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES (CONTINUED)

Movements in Other Equity Holdings of KMP

The following table sets out the movement during the reporting period in the number of Options in iQX Limited held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2016	Granted as remun-eration	Vested	Other	Forfeited	Held at 30 June 2017
Non-executive Directors						
Peter Simpson	-	-	-	-	-	-
Executive Directors						
George Syrmalis	-	-	-	-	-	-
Con Tsigounis	-	-	-	-	-	-
Other Executive KMP						
Spiro Sakiris	565,950	-	(1,556,900)	990,950^	-	-
Total KMP	**565,950**	**-**	**(1,556,900)**	**990,950**	**-**	**-**

^ Off-market purchase, and fully excercised.

CORPORATE GOVERNANCE STATEMENT

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).

Principal 1: Lay solid foundations for management

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 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 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.

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.

The Company does not have a majority independent directors. The Board considers this to be satisfactory considering the size and complexity of the business.

Details of the Board member’s names, independence status, terms of service, experience, expertise and qualifications are set out in the Directors' report.

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 are 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.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, oversee 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 Chair

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 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.

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.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities in regards 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	Indep-endent?
Kosmas Dimitriou	Non-Executive	No
John Stratilas	Non-Executive	Yes

Accordingly, the Company does not have a majority of independent committee members. The Board considers this to be appropriate considering the size and complexity of the business.

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 Financial 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.

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 Operating 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 Corporate

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.

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.

An AGM question form will accompany the Notice of Meeting, giving shareholders the opportunity to forward questions and comments to the Company prior to the AGM. The external auditor is available to answer questions at the AGM.

Principle 7: Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximize 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 and Risk Management 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 Company does not presently have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit and Risk Management 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 to ensure that executive packages are referrable 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 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 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.

The members of the Remuneration and Nomination Committee throughout the reporting period are set out in the Remuneration Report which forms part of the Directors' Report.

The Company does not have a majority of independent committee members, as the Board considers this to be satisfactory considering the size and complexity of the business.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of IQX Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

David Talbot
Partner

Sydney, NSW
Dated: 19 October 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2017

In dollars	*Note*	2017	2016^
Revenue	*5*	3,400,230	458,337
Other income	*6(a)*	19,003,522	7,295
Employee benefits expense	*6(c)*	(1,468,779)	(1,294,475)
Depreciation and amortisation expense		(71,150)	(27,165)
Consultancy fees		(856,309)	(135,598)
Occupancy costs		(516,695)	(157,882)
Other expenses	*6(d)*	(1,492,717)	(879,242)
Finance costs	*6(b)*	(448,017)	(318,716)
Share of loss of associated companies	*20*	(57,959)	-
Profit/(loss) before income tax		**17,492,126**	**(2,347,446)**
Income tax expense	*8*	(3,273,739)	-
Net profit/(loss) for the period		**14,218,387**	**(2,347,446)**

Profit/(loss) per share for the period attributable to the ordinary equity holders of the Company:

	Note	2017	2016
Basic profit/(loss) per share (cents per share)	*18*	12.22	(2.26)
Diluted profit/(loss) per share (cents per share)	*18*	12.22	(2.26)

^ *Comparative information has been restated to reflect a change in classification of: (a) revenue rebates, further details of which are included in note 5; and (b) employee benefit expenses, further detail of which is disclosed in note 6.*

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

In dollars	***Note***	**2017**	**2016**
Net profit/(loss) for the period		**14,218,387**	**(2,347,446)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss when specific conditions are met:		-	-
Other comprehensive profit/(loss) for the period, net of tax		**-**	**-**
Total comprehensive profit/(loss) for the period		**14,218,387**	**(2,347,446)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2017

In dollars	*Note*	2017	2016^
Assets			
Current assets			
Cash	*7*	177,604	471,077
Trade and other receivables	*9*	1,556,835	818,100
Prepayments		107,824	173,207
Other current assets	*10*	-	660,066
Total current assets		**1,842,263**	**2,122,450**
Non-current assets			
Property, plant and equipment	*11*	203,324	203,079
Intangible assets	*12*	363,713	48,842
Investment in associate	*20(b)*	220,113	269,000
Investment in joint venture		-	7,700
Financial assets	*20(c,d)*	19,026,938	35,254
Deferred tax assets		1,320	1,320
Total non-current assets		**19,815,408**	**565,195**
Total Assets		**21,657,671**	**2,687,645**
Liabilities			
Current liabilities			
Trade and other payables	*13*	807,715	805,027
Provisions	*14*	27,054	-
Employee benefit liabilities	*15*	368,743	51,281
Borrowings	*16*	2,653,461	2,175,549
Provision for income tax		-	2,147
Total current liabilities		**3,856,973**	**3,034,004**
Non-current liabilities			
Employee benefit liabilities	*15*	24,604	-
Deferred tax liabilities		3,271,841	-
Total non-current liabilities		**3,296,445**	**-**
Total liabilities		**7,153,418**	**3,034,004**
Net assets/(liabilities)		**14,504,253**	**(346,359)**
Equity			
Contributed equity	*17*	6,252,842	5,453,087
Reserves		-	167,530
Retained earnings/(accumulated losses)		8,251,411	(5,966,976)
Total equity		**14,504,253**	**(346,359)**

^ *Comparative information has been restated to reflect a change in classification of trade and other receivables to prepayments.*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

In dollars	Contributed equity	Option reserve	Retained earnings	Total
Balance at 1 July 2016	**5,453,087**	**167,530**	**(5,966,976)**	**(346,359)**
Total comprehensive loss for the period				
Profit for the period	-	-	14,218,387	14,218,387
Other comprehensive profit for the period	-	-	-	-
Total comprehensive profit for the period	**-**	**-**	**14,218,387**	**14,218,387**
Transactions with owners recorded directly in equity				
Capital raising costs	(23,141)	-	-	(23,141)
Issued capital	822,896	-	-	822,896
Options expired during the year	-	(167,530)	-	(167,530)
Total transactions with owners recorded directly in equity	**799,755**	**(167,530)**	**-**	**632,225**
Balance at 30 June 2017	**6,252,842**	**-**	**8,251,411**	**14,504,253**
Balance at 1 July 2015	**4,923,936**	**167,530**	**(3,619,530)**	**1,471,936**
Total comprehensive loss for the period				
Loss for the period	-	-	(2,347,446)	(2,347,446)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss	**-**	**-**	**-**	**(2,347,446)**
Transaction with owners recorded directly in equity				
Capital raising costs written off	84,938	-	-	84,938
Issue of convertible notes	444,213	-	-	444,213
Balance at 30 June 2016	**5,453,087**	**167,530**	**(5,966,976)**	**(346,359)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

In dollars	**Note**	**2017**	**2016**
Cash flows from operating activities			
Receipts from customers		3,003,518	856,289
Payments to suppliers and employees		(3,934,428)	(3,159,467)
Interest received		1,522	6,199
Interest paid		(10)	(6,977)
Net cash used in operating activities	*25*	**(929,398)**	**(2,303,956)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,205)	(112,784)
Investment in associates		-	(269,000)
Investment in joint venture		-	(7,700)
Proceeds from disposal of financial assets		-	81,458
Payment for capital work in progress		-	(595,246)
Purchase of intangible assets		-	(23,576)
Net cash used in investing activities		**(26,205)**	**(926,848)**
Cash flows from financing activities			
Proceeds from issue of convertible notes		662,129	2,308,023
Advances from related parties		-	330,840
Payment from loan funds		-	95,009
Net cash generated from/(used in) financing activities		**662,129**	**2,733,872**
Net decrease in cash and cash equivalents		(293,473)	(496,932)
Cash and cash equivalents at the beginning of the period		471,077	968,009
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at the end of the period	*7*	**177,604**	**471,077**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY

IQX Limited ("iQX" or the "Company") is a for-profit company limited by shares which is incorporated and domiciled in Australia. These consolidated financial statements ("financial statements") as at and for the year ended 30 June 2017 comprise of the Company and its subsidiaries (collectively referred to as the "Group").

These financial statements were authorised for issue by the Board of Directors on 11 September 2017.

2. STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

3. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in the current or later years.

Basis of preparation

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest dollar unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

The accounting policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars (AUD) at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into AUD at the average exchange rate of the month in which the transaction occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Goods and Services Tax (“GST”) and Value Added Tax (“VAT”)

Revenues, expenses and assets are recognised net of the amount of respective GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the relevant taxation authority, are presented as operating cash flows in the consolidated statement of cash flows.

Uses of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Significant judgement has been made in respect to: (a) an absence of significant influence over related party investees; and (b) designation of investments as fair value through profit or loss.

(ii) Estimates

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, including about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2017 are included in the following notes:

- Note 20 – Investments; and
- Note 14 – Provisions.

(iii) Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, management assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of judgements and estimates (continued)

(iii) Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group categorises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* becomes mandatory for the Group's 2019 financial statements and includes changes to the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. It also includes a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities.

(ii) AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from Contracts* becomes mandatory for the Group's 2019 financial statements and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; and replaces AASB 111 *Construction Contract,* AASB 118 *Revenue,* Interpretation 13 *Customer Loyalty Programs,* Interpretation 15 *Agreements for Construction of Real Estate,* Interpretation 18 *Transfer of Assets from Customers* and Interpretation 131 *Revenue-Barter Transactions involving Advertising Services.* The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(iii) AASB 16 Leases

AASB 16 *Leases* becomes mandatory for the Group's 2020 financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's financial leverage and capital employed.

The Group has not yet determined the potential effect of these standards on the Group's future financial statements.

4. OPERATING SEGMENTS

The Group has identified operating segments based on internal reporting that is reviewed and used by the chief operating decision makers (the Group CEO and the Group Chief Financial and Operating Officer) in assessing the performance of the respective segments. The operating segments are identified by management based on the nature of services provided, with each operating segment representing a strategic business that serves a different segment of the market.

In FY17 the Group has three revenue streams being: (1) financial services fees charged; (2) office and shared services fees charged; and (3) asset related revenue. Segment analysis of revenue is provided below.

Information on net profit and assets by segmet is not provided to the chief operating decision makers.

In dollars	**2017**	**2016**
Fees – financial services	240,760	294,955
Asset related revenue	1,871,614	-
Office and shared services revenue	1,287,856	163,382
Total revenue	**3,400,230**	**458,337**

Information on geographical segments

One hundred percent of the Group's revenue, expenses and profit are derived in Australia.

Reliance on major customers

One hundred percent of the Group's revenue is derived from related parties.

5. REVENUE

In dollars	**2017**	**2016^**
Fees – financial services	240,760	294,955
Asset related revenue	1,871,614	-
Office and shared services revenue	1,287,856	163,382
Total revenue	**3,400,230**	**458,337**

^ The comparative information has been restated to reflect a change in classification of rebates from Direct Costs to Revenue (netted off).

Significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future 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. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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.

Asset related revenue

Asset related revenue is recognised when it is received or when the right to receive payment is established.

6. INCOME AND EXPENSES

(a) Other income

In dollars	**2017**	**2016**
Rebates	2,000	-
Interest income	1,522	6,199
Change in fair value of financial asset	19,000,000	-
Gain on disposal of financial assets measured at fair value through profit or loss	-	1,096
Total other income	**19,003,522**	**7,295**

(b) Finance costs

In dollars	**2017**	**2016**
Bank fees	2,940	5,034
Interest expense	445,077	313,682
Total finance costs	**448,017**	**318,716**

(c) Employee benefits expenses

In dollars	**2017**	**2016^**
Wages and salaries	1,272,846	1,159,586
Compulsory superannuation contributions	121,427	108,033
Increase in liability for annual leave	49,902	26,856
Increase in liability for long service leave	24,604	-
Total employee benefit expense	**1,468,779**	**1,294,475**

(d) Other expenses

In dollars	**2017**	**2016^**
Accounting and legal fees	85,031	50,042
Advertising and marketing	265,284	55,035
Insurance	109,474	56,938
Software and licensing	238,908	140,206
Travel and accommodation	21,537	60,485
Website maintenance	132,338	34,411
Other	640,145	482,125
Total other expenses	**1,492,717**	**879,242**

^ The comparative information has been restated to reflect a change in classification of the following expenses from other expense to employee benefit expense: workers compensation, FBT, payroll tax.

7. CASH

In dollars	**2017**	**2016**
Bank balances	177,604	471,077

Significant accounting policies

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

8. INCOME TAXES

In dollars	**2017**	**2016**
Profit/(loss)	17,492,126	(2,347,446)
Effective tax rate	27.5%	30.0%
Sub-total	**4,810,335**	**(704,234)**
Tax effect of:		
Expenditure not allowed for income tax purposes	123,298	103,794
Temporary differences not brought to account	15,854	(4,228)
Deferred tax assets not brought to account	(1,675,748)	604,668
Income tax expense	**3,273,739**	**0**

Significant accounting policies

Current tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the application income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations when the Company is able to control the timing of the reversal of the temporary differences and it is probably that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to the offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

9. TRADE AND OTHER RECEIVABLES

In dollars	2017	2016
Trade receivables	-	-
Other receivables	559,525	57,683
Related party receivables	997,310	760,417
Total trade and other receivables	**1,556,835**	**818,100**
Current	1,556,835	818,100
Non-current	-	-
Total trade and other receivables	**1,556,835**	**818,100**

Significant accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30-60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. The loss is recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

Other receivables are recognised at amortised cost, less any provision for impairment.

10. OTHER CURRENT ASSETS

In dollars	2017	2016
Capital work in progress	-	595,246
Deposits	-	59,407
Other financial assets	-	5,413
Total other current assets	**-**	**660,066**

11. PROPERTY, PLANT AND EQUIPMENT

Cost

In dollars	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Balance at 1 July 2015	14,391	76,408	48,137	138,936
Additions	31,856	49,483	30,121	111,460
Balance at 30 June 2016	**46,247**	**125,891**	**78,258**	**250,396**
Additions	26,627	20,393	7,053	54,073
Balance at 30 June 2017	**72,874**	**146,284**	**85,311**	**304,469**

Accumulated depreciation

In dollars	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Balance at 1 July 2015	2,961	10,263	8,252	21,476
Depreciation expense	3,514	9,611	12,716	25,841
Balance at 30 June 2016	**6,475**	**19,874**	**20,968**	**47,317**
Depreciation expense	6,581	32,006	15,241	53,828
Balance at 30 June 2017	**13,056**	**51,880**	**36,209**	**101,145**

Carrying amount

In dollars	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Carrying balance at 30 June 2016	**39,772**	**106,017**	**57,290**	**203,079**
Carrying balance at 30 June 2017	**59,818**	**94,404**	**49,102**	**203,324**

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant accounting policies

Carrying value

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the business and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period.

Depreciation

Depreciation of assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Leasehold improvements – 5 to 10 years
- Plant and equipment – 5 to 10 years
- Furniture, fittings and equipment – 10 to 20 years

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

12. INTANGIBLE ASSETS

In dollars	Trademark	Website and software	Development costs	Total
Cost				
Cost at 1 July 2015	-	25,266	-	25,266
Additions	-	23,576	-	23,576
Amortisation charge for the year	-		-	-
Balance at 30 June 2016	**-**	**48,842**		**48,842**
Additions	4,000	123,504	205,503	333,007
Amortisation charge for the year	-	(18,136)	-	(18,136)
Balance at 30 June 2017	**4,000**	**154,210**	**205,503**	**363,713**

12. INTANGIBLE ASSETS (CONTINUED)

Significant accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Impairment

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Website and software

Costs incurred in acquiring website software and licenses that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years

Website development costs include only those directly attributable to the development phase and are only recognised following completion of technical feasibility and where the business has an intention and ability to use the asset.

Research and development costs

Research expenditure is recognised as an expense as incurred.

Development costs include externally acquired and internally generated costs of materials and services, which can be directly attributable to the development activities of acquiring or generating an intangible asset.

Costs incurred on development projects (relating to the design and testing of new or improved intangible assets) are recognised only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group, the cost of the asset can be measured reliably, technical and commercial feasibility of the asset for sale or use have been established, and the Group intends and is able to complete the intangible asset and either use it or sell it.

Capitalised development costs are recorded as an intangible asset and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

13. TRADE AND OTHER PAYABLES

In dollars	2017	2016
Trade payables	342,791	234,678
Sundry payables and accrued expenses	152,444	239,509
Related party payables	312,480	330,840
Total trade and other payables	**807,715**	**805,027**
Current	807,715	805,027
Non-current	-	-
Total trade and other payables	**807,715**	**805,027**

Significant accounting policies

Trade and other payables represent liabilities for goods and services provided to the business prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14. PROVISIONS

In dollars	Make good	Total
Balance at 1 July 2016	-	-
Provisions made during the period	27,054	27,054
Total provisions at 30 June 2017	**27,054**	**27,054**

Significant accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Make-good provisions

A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

15. EMPLOYEE BENEFIT LIABILITIES

In dollars	2017	2016
Liability for annual leave	101,182	51,281
Liability for superannuation	48,498	-
Liability for long service leave	24,604	-
Liability for payroll	219,063	-
Total employee benefit liabilities	**393,347**	**51,281**
Current	368,743	51,281
Non-current	24,604	-
Total employee benefit liabilities	**393,347**	**51,281**

Significant accounting policies

Employee benefits represents amounts accrued for employee payroll, superannuation, annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled in the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods to service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

16. BORROWINGS

In dollars	2017	2016
Convertible notes	2,653,461	2,175,549

Significant accounting policies

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 transaction 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.

17. ISSUED CAPITAL

	Number of shares	$
In issue at 1 July 2015	100,760,000	4,154,000
Allotment of shares from exercise of Loyalty options	9,450,000	-
Convertible notes	-	1,875,213
Share and note issue costs	-	(576,126)
In issue at 30 June 2016	**110,210,000**	**5,453,087**
Allotment of shares from exercise of Loyalty options & Economos options	7,625,900	850,180
Share and note issue costs	-	(50,425)
In issue at 30 June 2017	**117,835,900**	**6,252,842**

All ordinary shares rank equally with regard to the Company's residual assets. The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

The Company does not have authorised capital or par value in respect of its shares. All issued shares are fully paid.

(i) 10c Loyalty options

There are no Loyalty options outstanding at 30 June 2017. At 30 June 2016, the Company had 13,950,000 Loyalty options outstanding to be exercised at 10c each expiring on the three-year anniversary of the admission to the Official List of the NSX. A total 6,750,000 options were excercised during the current period, with the remaining 7,200,000 options expiring during the current period.

(ii) 20c Economos options

There are no Economos options outstanding at 30 June 2017. At 30 June 2016, the Company had 1,117,000 Economos options outstanding to be exercised at 20c each expiring on the three-year anniversary of the admission to the Official List of the NSX. A total of 875,900 options were excercised during the current period, with the remaining 241,100 options expiring during the current period.

(iii) Movements in options

	Number of options	Total $	Weighted average price per option
Options in issue at 1 July 2016	15,067,000	1,618,400	$0.11
Options excercised during the period	(7,625,900)	(850,180)	$0.11
Options expired during the period	(7,441,100)	(768,220)	$0.10
Options in issue at 30 June 2017	**-**	**-**	**-**

Dividends

No dividends were declared or paid by the Company for the year (2016: nil).

Significant accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

18. EARNINGS PER SHARE (EPS)

The calculation of basic earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Loss attributable to ordinary shareholders

In dollars	**2017**	**2016**
Profit/(loss) for the period attributable to owners of iQX Limited	14,218,387	(2,347,446)

Weighted-average number of ordinary shares

In number of shares	**2017**	**2016**
Weighted-average number of ordinary shares at end of the period	116,394,292	103,633,835
Weighted-average number of securities if outstanding options exercised	116,394,292	125,277,000

Earnings per share

In cents per share	**2017**	**2016**
Basic earnings/(loss) per share	12.22	(2.26)
Diluted loss per share	12.22	(2.26)

Basic earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares.

Diluted earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares which has been adjusted to reflect the number of shares which would be issued if outstanding options were to be exercised.

There were no outstanding options at 30 June 2017. Due to the statutory loss attributable to the Company for the comparative period ended 30 June 2016, the effect of these instruments has been excluded from the calculation of diluted earnings per share for the comparative period as they would reduce the loss per share.

19. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair values

The Group has financial assets of cash and cash equivalents, trade and other receivables, and shares in a listed company. The shares in a listed company are valued at fair value. The remaining financial assets are not measured at fair value, and the carrying amount is a reasonable approximation of fair value at 30 June 2017.

The Group has financial liabilities of trade and other payables. These financial liabilities are not measured at fair value, and the carrying amount is a reasonable approximation of fair value at 30 June 2017.

Financial risk management

There have been no substantive changes in the types of risk the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risk from the previous period. The Group has exposure to the following risk arising from financial instruments:

- credit risk – refer (ii)
- liquidity risk – refer (iii)
- market risk – refer (iv)

(i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all workplace participants understand their roles and obligations.

The Board of Directors has also established a Finance Committee, consisting of senior executives of the Group, which meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The finance committee operates under policies approved by the Board of Directors.

(ii) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within note 9.

Trade and other receivables

The main source of credit risk to the Group is considered to relate to the class of assets described as trade and other receivables. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 9.

No collateral is held over other receivables.

19. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(ii) Credit risk (continued)

Impairment

The aging of the trade and other receivables that were not impaired as at 30 June 2017 are set out in the following table.

In dollars	2017	2016
Neither past due nor impaired	889,327	57,683
30 to 90 days past due but not impaired	-	-
Over 90 days past due but not impaired	667,508	760,417
Total trade and other receivables	**1,556,835**	**818,100**

Cash and cash equivalents

The Group held cash and cash equivalents of $177,604 at 30 June 2017. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency Standard and Poor's ratings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain cash at a level appropriate to fund operations. At 30 June 2017, the expected cash flows from trade and other receivables maturing within two months were $889,327.

Non-derivative financial liabilities

In dollars	Within 1 year		1 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Trade and other payables	807,715	805,027	-	-	-	-	807,715	805,027
Total non-derivative financial liabilities	**807,715**	**805,027**	**-**	**-**	**-**	**-**	**807,715**	**805,027**

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(v) Currency risk

The Group's exposure to foreign currency risk is limited due to the natural hedge afforded to the Group by purchasing and selling in local currency in all countries in which it operates. The Group does not hold any foreign currency contracts.

20. INVESTMENTS

The percentage ownership interest is equivalent to the percentage voting rights for all investments.

(a) Interests in subsidiaries and associates

Entity name	Country of incorporation	Ownership interest 2017	Ownership interest 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%
Associates			
New Frontier Holdings LLC ("New Frontier")	USA	20%	20%
Nereid Enterprises Pty Ltd	Australia	20%	20%
Nereid Enterprises LLC	USA	20%	20%

Nereid Enterprises Pty Ltd provides corporate events and promotional services to the healthcare industry and related parties of iQX Limited.

None of the associates are listed on a stock exchange. The investments in associates is equity accounted using audited financial information.

(b) Investment in associates accounted for using equity method

In dollars	2017	2016
Reconciliation to carrying amount		
Net asset balance at start of period	1,243,277	-
Net asset at acquisition	-	1,345,000
Loss for the period	(142,712)	(101,723)
Other comprehensive income	-	-
Net asset balance at end of period	**1,100,565**	**1,243,277**
Consolidated entity's share in %	20%	20%
Consolidated entity's share at acquisition	220,113	248,655
Adjustment posted in following period	-	20,345
Consolidated entity's share at reporting date	**220,113**	**269,000**

(c) Financial assets carried at fair value through profit or loss – designated on initial recognition

In dollars	2017	2016
Shares in unlisted companies	19,000,000	-

(d) Available for sale financial assets

In dollars	2017	2016
Shares in listed companies	11,250	19,566
Investments in unit trusts	15,688	15,688
Total available for sale financial assets	**26,938**	**35,254**

20. INVESTMENTS (CONTINUED)

Significant accounting policies

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 rates of 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.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for in the Group's financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of the associates post-acquisition profits or losses are recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Financial assets carried at fair value

Other financial assets are carried at fair value, or the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

The Group discloses the fair value measurements by level using the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets (level 1);
- inputs other than quoted prices included within level 1 that are observable that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Shares in listed companies and unit trusts

Shares in listed companies and unit trusts are initially recognised at cost at accounting trade date. Shares in listed companies and unit trusts that have an interest in listed companies are subsequently carried at fair value using level 1 fair value measurement inputs. Any subsequent increase or decrease in fair value is recognised in other comprehensive income.

Gains and losses arising from shares in listed companies are only recognised in the profit or loss when they are sold or impaired.

Shares in unlisted companies

The Group designate share in unlisted companies as fair value through profit or loss where performance is evaluated on a total return basis comprising both income and fair value; and where fair value can be reliably measured. Shares in unlisted companies carried at fair value through profit or loss are initially recognised at cost at accounting trade date. They are subsequently carried at fair value using level 2 and level 3 fair value measurement inputs. Any subsequent increase or decrease in fair value is recognised in profit or loss. Gains and losses arising from shares in unlisted companies are only recognised in the profit or loss when they are sold or impaired.

21. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilies, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 2017

In dollars	Level 1	Level 2	Level 3	Total
Assets				
Shares in unlisted companies	-	19,000,000	-	19,000,000
Shares in listed companies	11,250	-	-	11,250
Investments in quoted unit trusts	15,688	-	-	15,688
Total assets	**26,938**	**19,000,000**	**-**	**19,026,938**
Liabilities				
Convertible notes	-	2,653,461	-	2,653,461
Total liabilities	**-**	**2,653,461**	**-**	**2,653,461**

Consolidated - 2016

In dollars	Level 1	Level 2	Level 3	Total
Assets				
Shares in unlisted companies	-	-	-	-
Shares in listed companies	19,566	-	-	19,566
Investments in quoted unit trusts	15,688	-	-	15,688
Total assets	**35,254**	**-**	**-**	**35,254**
Liabilities				
Convertible notes	-	2,171,549	-	2,171,549
Total liabilities	**-**	**2,171,549**	**-**	**2,171,549**

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The gain recognised in profit or loss for the period from level 2 valuations is $19,000,000 (2016: nil).

21. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation techniques for fair value measurements categorised within level 2

The shares in unlisted company were revalued on 30 June 2017 based on internal assessments performed by management, with reference to independent private placement investments made in the vehicle.

The planned listing of the underlying investment will entail 12% of the total equity of which iQX Limited owns 19% of the issued capital being listed. Independent pre-ipo investors have valued the shares in the underlying entity at $100,000,000.

Management chose to revalue based on an internal assessment of private placement investment as it provided a more conservative outcome when compared to a valuation which was undertaken by an external party.

Significant accounting policies

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

22. OPERATING LEASES

The Group leases a number of office facilities under operating leases. The leases are non-cancellable and run for a period of 1 to 4 years, with an option to renew the lease after that date. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. The lease allows for subletting of all lease areas.

Future minimum lease payments

As at 30 June 2017, the future minimum lease payments under non-cancellable leases were payable as set out in the following table.

In dollars	**2017**	**2016**
Less than one year	112,165	159,662
Between one and five years	-	107,851
More than five years	-	-
Total future minimum lease payments	**112,165**	**267,513**

23. CONTINGENCIES

The Group has no contingent liabilities or assets as at the reporting date (2016: None).

24. TRANSACTIONS WITH RELATED PARTIES

(i) Parent and ultimate controlling party

iQX Limited was the parent and ultimate controlling party of the Group throughout the year ended 30 June 2017.

(ii) Key management personnel compensation

The key management personnel compensation is set out in the table below.

In dollars	2017	2016
Short-term employee benefits	592,408	533,061
Post-employment benefits	52,927	48,123
Total key management personnel compensation	**645,335**	**581,184**

Compensation of the Group's key management personnel includes salaries and non-cash benefits. Executive officers also participate in the Group's employee incentive plan.

Further details of key management personnel compensation are included in the Remuneration Report within the Directors' Report.

(iii) Transactions with other related parties

The Group transacted with the following related companies. Transactions with other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entitiy name	Relationship
iQnovate Ltd and controlled entities	Common directorship and/ key management personel
iQ3Corp Ltd and controlled entities	Common directorship and/ key management personnel
Nereid Enterprises Pty Ltd	An Associate with common directorship and/key management personnel

The aggregate value of transactions and outstanding balances relating to subsidiaries and associates are set out in the following table.

In dollars	2017	2016
Financial services fees received from related parties	240,760	294,955
Asset related revenue received from related parties	1,871,614	-
Shared services fees receceived from related parties	1,287,856	163,382
Change in fair value of financial asset held in related parties	**19,000,000**	**-**
Total revenue and other income received from related parties	**22,400,230**	**458,337**
Paymet of shared services fees to related parties	332,251	575,392
Other transaction and administrative costs paid to related parties	933,784	193,708
Total costs paid to related parties	**1,266,035**	**769,100**
Trade payable accounts with related parties	(312,480)	(330,840)
Trade receivable accounts with related parties	997,310	760,417
Net trade receivable/(payable) from related parties	**684,830**	**429,577**

25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In dollars	**2017**	**2016**
Cash flows from operating activities		
Profit/(loss) for the period	14,218,387	(2,347,446)
Adjustments for:		
Depreciation	71,150	27,165
Interest on convertible notes	444,538	311,739
Capital raising costs written off	337,472	84,938
Revaluation of financial assets through profit or loss	(19,000,000)	-
Share of loss from associated companies	57,959	-
	(3,870,494)	**(1,923,604)**
Changes in:		
Trade and other receivables	(738,735)	(670,598)
Prepayments	65,383	-
Other assets		-
Trade and other payables	2,688	263,391
Employee benefits	342,066	26,855
Deferred tax	3,271,841	-
Tax payable	(2,147)	-
	2,941,096	**(380,352)**
Net cash used in operating activities	**(929,398)**	**(2,303,956)**

26. AUDITORS' REMUNERATION

In dollars	**2017**	**2016**
Audit and review services		
Auditors of the Group at June 2017 – RSM Australia Partners	20,000	-
Auditors of the Group at December 2016 – Fortunity	4,000	19,000
Other auditors	-	-
Other services		
Auditors of the Group at June 2017 – RSM Australia Partners	10,000	-
Auditors of the Group at December 2016 – Fortunity	-	-
Other auditors	-	-

27. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations or state of affairs of the Group in future financial years.

1. In the opinion of the Board of Directors of iQX Limited ("the Company"):
   a. the consolidated financial statements and notes that are set out on pages 25 to 52 are in accordance with the *Corporations Act 2001*, including:
      I. giving a true and fair view of the financial position as at 30 June 2017 of the Company and its controlled entities ("the Group") and of the Group's performance for the financial year ended on that date; and
      II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.
3. The Directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors.

Kosmas Dimitriou
Chair

Sydney

19 October 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of IQX Ltd

Opinion

We have audited the financial report of IQX Ltd. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Investment carried at fair value through the profit and loss account Refer note 21 in the financial statements	
The company has designated its investment in Life Science Biosensor Diagnostic Limited as fair value through the profit or loss on the basis of election on initial recognition. The fair value of the investment has been determined by management to be $19,000,000 and is based on level 2 inputs from a valuation model that is based on external independent capital raisings The designation of the investment and the valuation of the investment are matters which management has exercised judgment.	Our audit procedures in relation to the classification and valuation of the investment included: • Reviewing managements documented judgments of the application of AASB 139 *Financial Instruments: Recognition and Measurement* in relation to designating an equity investment as fair value through profit or loss • Assessing managements valuation methodology and model with the firm's internal valuation specialists • Substantiating inputs into the valuation model by verifying independent capital raising transactions
Carrying value of internally developed intangible assets Refer to note 13 in the financial statements	
The closing net book value of all internally developed assets was $155,995. The costs of building applications and web-site platforms are capitalised as intangible assets, where the expenditure demonstrable value and the technical and commercial feasibility is assured. Management has to exercise judgment in determining which costs can be capitalised and when performing an impairment review if impairment indicators are identified. The materiality of judgments involved has caused us to identify these as key audit risks.	Our audit procedures in relation to the carrying value of internally developed intangible assets included: • Reviewing management's identification of the development projects being undertaken, and their assessment of whether they meet the criteria for recognition as intangible assets in accordance with AASB 138 *Intangible Assets* • Testing amounts capitalised in the period to assess whether expenses incurred were directly attributable to the projects identified, and therefore eligible for capitalisation.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages11 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of IQX Ltd., for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities
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.

David Talbot
Partner

RSM Australia Partners

Sydney, 19 October 2017

NSX ADDITIONAL INFORMATION

Additional information required by the NSX and not disclosed elsewhere in this report is set out below. The information is current as at 11 August 2017.

SUBSTANTIAL SHAREHOLDERS

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

Shareholders grouped by common controllers	Number of ordinary shares held	% of total ordinary shares
(i) Ruminate Group		
Ruminate Investments Pty Ltd	15,800,000	13.41%
TTS Two Investments Pty Ltd	2,900,000	2.46%
Anthony Tsigounis Pty Ltd	200,000	0.17%
Total Ruminate Group	**18,900,000**	**16.04%**
(ii) Life Science Group		
Life Science Investments Pty Ltd	6,000,000	5.09%
Zero Hedge Investments Pty Ltd	5,550,000	4.71%
Biotechnology Holdings Pty Ltd	4,261,112	3.62%
Total Life Science Group	**15,811,112**	**13.42%**
(iii) Abiogenesis Pty Ltd	**15,600,000**	**13.24%**
(iv) Agparaskevi Group		
Agparaskevi Pty Ltd	8,000,000	6.79%
Babi Holdings Pty Ltd	4,000,000	3.39%
Total Agparaskevi Group	**12,000,000**	**10.18%**
(v) Adaptive Radiation Group		
Adaptive Radiation Pty Ltd	8,888,888	7.54%
Sequential Investments Pty Ltd	1,600,000	1.36%
Total Adaptive Radiation Group	**10,488,888**	**8.90%**
Total of substantial shareholders	**72,800,000**	**61.78%**

TEN LARGEST SHAREHOLDERS

Shareholder	Number of ordinary shares held	% of total ordinary shares
Abiogenises Pty Ltd	15,600,000	13.24%
Ruminate Investments Pty Ltd	15,228,572	12.92%
Adaptive Radiation Pty Ltd	8,888,888	7.54%
Agparaskevi Pty Ltd	8,000,000	6.79%
Life Science Investments Pty Ltd	6,000,000	5.09%
Zero Hedge Investments	5,550,000	4.71%
Biotechnology Holdings	4,261,112	3.62%
Babi Holdings Pty Ltd	4,000,000	3.39%
TTS Two Investments Pty Ltd	2,900,000	2.46%
Anest Holdings Pty Ltd	2,220,900	1.88%
Total securities of top 10 holdings	**72,649,472**	**61.64%**

Distribution of equity security holders

Category	Holders	Ordinary shares	%
1 – 1,000	-	-	0.00%
1,001 – 5,000	2	6,000	0.01%
5,001 – 10,000	9	88,000	0.07%
10,001 – 100,000	102	5,364,000	4.55%
100,001 and over	81	112,377,900	95.37%
Total	**194**	**117,835,900**	**100.00%**

Shareholders with less than marketable parcel

There are no shareholders with an unmarketable parcel of shares.

This is based on a closing price of $0.40 per share as at 11 August 2017.

Shares subject to escrow

There is no security class subject to escrow as at 11 August 2017.

Unquoted equity securities

There are no unquoted redeemable preference shares or redeemable convertible notes on issue.

SECURITIES EXCHANGE

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

ON-MARKET BUY-BACK

There is no current on-market buy-back.

HISTORICAL SUMMARY TABLE

Share performance				Financial performance A$ million			
Period	Closing share price at 30 June	Dividend per share	EPS (cents)	Revenue	Profit/(loss) after tax	Assets	Liabilities
FY2017	$0.40	NIL	12.22	$3.4	$14.2	$21.6	$7.2
FY2016	$0.43	NIL	(2.26)	$0.5	($2.3)	$2.7	$3.0
FY2015	$0.65	NIL	(1.27)	$0.8	($1.3)	$1.7	$0.2
FY2014	$0.65	NIL	(1.38)	-	($1.2)	$1.6	$0.2
FY2013	NA	NIL	(1.23)	-	($1.0)	$0.5	$1.6

WAIVERS

There are no arrangements where: (a) the Director's have agreed to waive any emoluments; or (b) where a shareholder has waived or agreed to waive any dividends.

SIGNIFICANT CONTRACTS WITH DIRECTORS, CHILD ENTITIES OR CONTROLLING SHAREHOLDERS

Refer to note 24 of the Notes to the Consolidated Financial Statements, for details of material related party transactions.

DIRECTOR AND OFFICERS INTERESTS

Refer to note 7 of the Renumeration Report, which forms part of the Annual Report, for details of Director and Officer interests.

OTHER

There are no period's unexpired of any service contract of any Director proposed for election at the forthcoming annual general meeting.

[IQX LTD]

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